TEXAS DEPARTMENT OF MOTOR VEHICLES BOARD MEETING

Friday, March 7, 2014

Lone Star Room
Building 1
4000 Jackson Avenue
Austin, Texas

BOARD MEMBERS:

Johnny Walker, Chair
Laura Ryan, Vice-Chair
Robert "Barney" Barnwell, III
Luanne Caraway
Blake Ingram
Raymond Palacios
Victor Rodriguez
Marvin Rush
Joseph Slovacek

I N D E X

AGENI	DA ITE	<u>EM</u>	PAGE
1.	A. B. C.	TO ORDER Roll Call and Establishment of Quorum Excuse absences Public Comment Comments and Announcements from Chairman and Board Members and Executive Director • Director of Motor Vehicle Division • Director of Enterprise Project Management Office	4 5 7 21
2.		LUTIONS FOR INDIVIDUAL CONSIDERATION -	
	A.	Adoption of Rules under Title 43, Texas Administrative Code Chapter 217 Vehicle Titles and Registration 1. Section 217.3 Motor Vehicle Titles (Proposal Published November 29, 2013-38 Tex. Reg. 8624)	22
		<pre>2. Section 217.22, Motor Vehicle Registration (Proposal Published November 29, 2013- 38 Tex. Reg. 8632)</pre>	38
	В.	Proposed Rules under Title 43, Texas Administrative Code Chapter 217, Vehicle Titles and Registration Section 217.23, Special Registration Permits	43
3.		FINGS AND ACTION ITEMS Vice-Chair Election	45
	В.	Finance and Audit Committee Report 1. Data Center Consolidation Budget FY 2014-2015 2. FY 2014 Internal Audit Plan Update 3. Internal Audit Charter Recommendation	47 53 64
	c.	Consideration of Specialty License Plate Contract	67
	D.	Recommendation to Relocate the Houston Regional Service Center	72

	E.		oval of Contract Renewal with MailPro, LTD	74
		1. 2.	Title Mailing Services	
	F.	Deleg	Commercial Vehicle Information Systems and Networks (CVISN) Contractor	75
		2.	Renewal of Explore Contract for Texas International Registration Plan (TxIRP), Performance and Registration Information Systems Management (PRISM), and Fleet Registration	78
	G.	Rule	Review Plan	80
	н.	Title Chapt	te on Proposed Rule Amendments - 43, Texas Administrative Code, ter 215, Motor Vehicle Distribution, hapters H, Advertising	87
4.	REPOR		slative Implementation Progress Report	89
	В.		ative Director Reports erformance Measures	103
5.	EXEC	JTIVE	SESSION	45
6.	ACTIO	ON ITE	EMS FROM EXECUTIVE SESSION	45
7.	ADJO	JRNMEN	NT	105

1

PROCEEDINGS

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19 20

21

22

23

24

2.5

MR. WALKER: Good morning. My name is Johnny Walker, and I am pleased to open the Board meeting of the Texas Department of Motor Vehicles.

It is 8:06 and I'm now calling the Board meeting for March 7, 2014 to order. I want to note for the record that public notice of this meeting, containing all items on the agenda, was filed with the Office of the Secretary of State on February 26, 2014.

Before we begin today's meeting, please place all cell phones and communication devices in the silent mode, including myself here.

To comment on an agenda item, please complete a yellow card and identify the agenda item that you would like to speak on. I think those are in the back of the room back over here; somebody has got those. If it's not an agenda item, we will take your comments during the public comment portion of this meeting.

Now I'd like to have a roll call of the board. Vice-Chair Ryan?

MS. RYAN: Present.

MR. WALKER: Board Member Barnwell?

MR. BARNWELL: Present.

MR. WALKER: Board Member Caraway?

MS. CARAWAY: Present.

ON THE RECORD REPORTING (512) 450-0342

1	MR. WALKER: Board Member Ingram?
2	MR. INGRAM: Present.
3	MR. WALKER: Board Member Palacios?
4	MR. PALACIOS: Present.
5	MR. WALKER: Board Member Rodriguez?
6	MR. RODRIGUEZ: Right here, sir.
7	MR. WALKER: Board Member Slovacek?
8	MR. SLOVACEK: Here.
9	MR. WALKER: Let the record reflect that I,
10	Johnny Walker, am also here, so we do have a quorum.
11	Also let the record reflect that Member Rush is
12	absent today.
13	Let's go to the first item on our agenda today
14	which is excused absences. Under Transportation Code
15	1001.027(a)(4), the board, by a majority vote, is able to
16	excuse absences of board members for regularly scheduled
17	board meetings. It is my recommendation that we excuse
18	the absence of Member Rush from the January 10, 2014 and
19	February 14, 2014 board meetings, and from today's board
20	meeting. Do I have any motion to do so?
21	MR. PALACIOS: I move to excuse the absences of
22	Member Rush from the January 10, 2014 and February 14,
23	2014 meetings, and from today's board meeting.
24	MR. WALKER: We have a motion. Do we have a
25	second?

MR. BARNWELL: Second.

MR. WALKER: And for any of you that are wondering why Mr. Rush -- I assume most of the board knows this, but Mr. Rush was at his ranch over the Christmas holidays and somebody got out of a truck down there and forgot to put it -- I think it was actually his daughter, and she did not put it into the parking position, and he was standing in front of his truck and it was up against the curb, and they sat there talking after they had come back from hunting and the truck lurched over, finally got enough power -- I guess, it was just idling -- and it jumped over the curb. He was standing in front of it and one of his long-time hunting buddies shoved him to keep the car from running over him, and when he did he crushed his wrist and he's got like about five or six broken bones in his wrist.

He hasn't been at work and he's been going in and out of surgery to try to get that fixed. So it's not like he's goofing off or conducting business, he actually is at home and in bed.

MR. SLOVACEK: Did he get a letter from a doctor?

 $$\operatorname{MR.}$$ WALKER: Well, I've asked for it but I have yet to get it.

(General laughter.)

ON THE RECORD REPORTING (512) 450-0342

MR. WALKER: So with that, I will call for the vote. All in favor of the motion to excuse the absences, signify by saying aye.

(A chorus of ayes.)

MR. WALKER: All opposed, same sign.

(No response.)

MR. WALKER: The motion carries.

Let's move on to the public comment section.

And I do have a public comment here from a Mr. Paul Cass from Corpus Christi that would like to talk about registration issues with the DMV. And Mr. Cass, are you here? If you would like to come forward here.

And before we start, I'm going to kind of set the stage for the rules here on how we're going to do this. I'm going to allow you, Mr. Cass, about 15 minutes of the board's time. I know that you requested 30 minutes, and if we get to a point where I see that we need to listen a little bit more, I may extend it; otherwise, if it starts rambling, we'll go ahead and shut it off.

Board members, keep in mind that this is not an agenda item so we can listen to his comments but we really cannot respond back and make decisions based on his comments today.

So Mr. Cass, it is 8:10, and the floor is yours.

MR. CASS: Thank you, and thank you for hearing me.

My name is Paul Cass. I'm a 67-year-old retired high school teacher, tennis coach. I still teach privately, mostly adults; I don't work with juniors much anymore.

And what I'm here for is that I've had an issue with the DMV, both local and here in Austin on the registration of a car that I built in '96. I think some of you may have the picture. I've been involved with cars since the early '60s, it's been a hobby of mine, and in '96 I decided for my 50th birthday gift, a car I'd always wanted was the Cobra replica, and I built it.

I did a lot of research at that time on how to register the car as a '65, since it represented one of the race cars that had a world title at that point, and it involved the TxDOT, DMV, car builders, and other individuals. And I found out, among other things, that there's a document that was given that gave you instructions on how to register a car as a donor car or a replica for a certain period. And since I wanted a 1965, I had a '65 Mustang that when I went to the DMV in Corpus Christi, I surrendered the title, some other paperwork which included the number for the 289 engine that was in the Mustang, and it was registered as a '65, and I

received antique plates, and I've got one of the registration forms that verifies that.

2.5

I didn't realize at the time they gave me the wrong VIN number. What they did is the guy gave me the VIN number from the '65 Mustang, instead of when he tore the title up he should have given me a different number. A couple of years later that was brought to my attention, so in '98 I went back and re-registered the car, and this time I used the VIN number that the Lone Star kit company gave me, and they used that which is the current VIN number.

At that time I decided I wanted to use personalized plates, so I converted from the antique to personalized plates, and I maintained those until this past August in 2013 when I decided that I couldn't justify the expense of the personalized plates so I wanted to go back to the antique. The courthouse told me that they did not offer antique plates anymore, that I would have to either go custom or classic. I went through the registration process. They ended up giving me both a window sticker and a paper plate. They told me that the plates would be in the mail within a few weeks. And I didn't know any different at that point whether you could or could not have antique plates.

Anyway, a few weeks later a guy calls me from

the Austin DMV and tells me that I need to send my title in, that it needs to be changed. So I sent the title in. A few weeks later then, once the title was returned to me, I go back through the registration process and completely re-register the car, have to take pictures of it, and the paperwork I assumed was forwarded to Austin.

At that point, several weeks later, the same guy calls and tells me that you need to have the car inspected. And I told him: Well, it's already been inspected. And he said, No, you need to go through a ASE certified mechanic and have the car inspected. And then there's a form that I'm not sure if you have a copy of it, but this is what was given to me at the courthouse, and if you go through the form, two pages, every comment says ASE certified mechanic -- same thing that he told me on the phone.

So I spent the better part of a day trying to find a garage that would do the inspection that had an ASE mechanic, and in Corpus hardly any of the mechanics that do inspections are ASE certified. Frustrated, I finally went ahead and got in touch with my Ford dealer and he told me: Bring it out and we have an ASE mechanic, we'll inspect it. He did the inspection and I went back to the courthouse and gave them the form.

A few weeks later the same guy calls back and

tells me that they can't find the form, do I have a copy.

And I said, No, I turned the form in at the courthouse.

And he said, Well, they should have given you a copy. And I said, I do have a receipt for paying for the inspection.

He said, Send that and that will work.

A few weeks later he calls me back and says that your inspection was not done by a master technician. And I didn't understand because I didn't have the form, I had this paper to go by, and so I emailed him this registration and title number, and all he does is email back and says that the form says master tech on it. Well, went back to the courthouse and got a copy, and it does say master tech. So you have one paper that tells you how to register, you have another one that says something different.

So at that point it's kind of where I am now is that we went back and forth and I told him that I think that based on the form that you guys gave me that only asked for an ASE certified mechanic, that I met the qualifications for me getting my plates. And he said, Well, I'm sorry but you need to take it to a master tech if there is one in Corpus. The only one that I know of weighs over 300 pounds and there's no way he's going to fit in my car, even if I were to let him drive it. He told me: Well, you can go to maybe Victoria or San

Antonio, see if you can find one up there. And I told him: I just don't think I need to do that.

And as time went on, other people, I guess, became involved and I just asked for a waiver, that I felt like I met the terms that were necessary, and probably a couple of months ago or six weeks ago, a different person contacted me and told me that the waiver had been denied -- oh, and by the way, you need to send your title in, we need to change it again. That will be the fourth time.

So around this time, a friend of mine bought a Cobra replica at an auction, and all he had was the bill of sale and a title. He goes to his courthouse, turns that in, sends it to the same people I'm dealing with while all this is going on, and they send him an antique plate. So this kind of contradicts what went on with my courthouse. And at that point I decided: You know, what, I've had enough of this. I contacted several people. All of them had the same advice which was for me to come and share my story with you guys as to what's going on.

And all I'm asking for is to see if you can help me reacquire my antique plate. Because I legally registered it in '96, I understand the law changed in 2011, but I didn't register it in 2011, it was registered back in '96. And in a nutshell, without going into a lot

1	of detail, that's kind of an overview of where I am. I
2	made 15 minutes, didn't I?
3	MR. WALKER: You did a good job.
4	MS. RYAN: I was just going to ask, Whitney,
5	what is the process with the agency in this situation.
6	MS. BREWSTER: Clint, who is our chief of
7	Titles, is here and he can talk to this.
8	MS. RYAN: I'd just like to understand the
9	process, that's all.
10	MR. WALKER: And that's what we were going to
11	do.
12	MS. RYAN: Is it? I'm sorry.
13	MR. WALKER: No, no. I'm glad you got there.
14	MR. SLOVACEK: Can't Randy fix it?
15	MR. WALKER: Clint.
16	MR. THOMPSON: Good morning. Clint Thompson,
17	chief of Titles, VTR.
18	Thank you, Mr. Cass, for going through the
19	timeline. All of that is accurate as far as when this
20	occurred. In 1996, when this was titled initially, it was
21	titled as a 1965 Ford two-door hardtop. That was
22	incorrect as it was an assembled vehicle. The VIN from
23	the '65 Mustang should not have been used; the VIN for his
24	replica body, the 1996 Lone Star, should have been used.

Therefore, he would not have been eligible for antique

plates at that time because it was not over 25 years old, which is one of the criteria for antique plates, same as the classic plates.

In 1998, April 3, Mr. Cass was allowed to renew his antique registration. That was incorrect as well; still did not transfer the title correctly at that time.

July 15, 1998 we finally corrected the title at the tax office; 1996 Lone Star Roadster was put on his title. At that time we used the VIN from the '96 Lone Star body, and he was issued regular passenger plates at that time. This is the correct way that the vehicle should have been titled with that 1996 year and the 1996 VIN; it was not eligible for antique plates at the time.

August 6, 1998 he exchanged the registration and got the personalized plates that time, which was certainly something that he was eligible to do. And then August 20, 2013 he applied for the first time for the custom vehicle plates. One of the requirements at that time was the master certification, and while RTV 4-12 did not indicate master ASE technician on there, the form VTR 852 that that inspection is used for does stipulate master certified technician on that form. As well, the administrative rule which was adopted March 2012, regarding the Custom Vehicle and Street Rod Program, does specify master certification in the administrative rule.

At that time he applied for the custom vehicle plates, and since we did not transfer the title, basically it kicked back from headquarters, we contacted Mr. Cass at that time, let him know that the title would have to be transferred because the title requirements at that time dictated the year and make that it resembled on the title and then we also branded it replica year and make, so we had 1965 Shelby with a replica 1965 brand on there. That was a current title requirement, thus the reason that we had to transfer the title at that time.

Once we had the ASE inspection, we determined that even though he had transferred the title, he did not obtain the master certification, which we reached out to Mr. Cass and provided him with a location there in Corpus Christi where he would be able to obtain that.

September 2013, various email exchanges from headquarters to Mr. Cass regarding the master certification requirements and basically trying to point out exactly where the certifications were missing for that particular inspector to make sure that Mr. Cass understood that here's the last components that you need to complete in order to get that master certification.

I became involved in this October 8, 2013. I happened to be the regional manager in Corpus Christi at that time, working with the Nueces County Tax Office down

there and the tax assessor, multiple email exchange and 1 2 phone calls between them to make sure it was understood 3 what the exact requirements were for master certification 4 according to administrative rule. 5 MR. SLOVACEK: Excuse me. Can I interrupt you? 6 MR. THOMPSON: Yes, sir. 7 MR. SLOVACEK: Are we really talking about 8 this? In other words, why don't you just fix it? Can it 9 be fixed? 10 MR. THOMPSON: No, sir. MR. SLOVACEK: The car is not old enough? 11 12 MR. THOMPSON: It's not eligible for antique plates because it's not over 25 years old. 13 14 MR. SLOVACEK: If we keep talking about it, 15 it's going to get there. 16 MR. THOMPSON: Yes, sir. It's going to get 17 there. 18 (General laughter.) 19 MR. SLOVACEK: Really, I can't believe we're 20 talking about this. I would think as helpful as Randy is 21 on issues that he and I discuss, you could figure 22 something out. 23 MR. THOMPSON: We do have options and we've 24 presented Mr. Cass with those options: he can go back to

ON THE RECORD REPORTING (512) 450-0342

personalized plates or regular passenger plates.

25

vehicle is not eligible for the antique plates like he wants and what was on there originally because there was a mistake made on the title. And since we have not completed a master certification, we cannot even discuss street rod plates.

MR. WALKER: Let me interrupt here just a second, to help Mr. Slovacek and the rest of the Board.

David, maybe you or Randy can kind of explain why we can't take the title back to the car being an antique car, because I think the statute requires -- there's a statute, there's a law in place.

My question to you, Mr. Cass, was going to be you bought a used car and you put a kit on it, and I own a trucking company, I know what a truck kit is, it could be a full engine and a whole new cab. What is a kit on a Mustang, what did you put on there?

MR. SLOVACEK: We're not really talking about this.

MR. DUNCAN: I would caution the board we need to not get too far into deliberating this question because this is not posted for action or deliberation by the board.

MR. SLOVACEK: I get that. If somebody listens to the man and helps him with his problem, we don't need to spend 30 minutes talking about.

MS. RYAN: Well, we do. Let's understand what the next steps are, David, please.

MR. RODRIGUEZ: So let me ask is it more proper right now, now that we've taken comment, now it's an item for staff to digest and later on bring back to us as necessary?

MR. DUNCAN: Yes, sir.

2.5

MR. RODRIGUEZ: But at this point in time it's no more than a comment from this gentleman.

MR. DUNCAN: That's correct. I believe Ms.

Brewster and Mr. Elliston and I have all heard the board's desires that we look into this further.

MR. SLOVACEK: Thank you.

MR. CASS: Can I finish with just a few comments? I know what Clint is talking about, but in '96 then what the law was then, you could use a donor vehicle, it's like a re-body. It says it right here; this came from the State of Texas from the DMV. This is the MSO, if we'd have put this instead of the title of the '65 Mustang, then it would have been titled as a '96. That's the way the law was in '96 because a lot of people were doing it. And I did a lot of research on this. I wouldn't have gone that route, turned in the Mustang title, if it wasn't going to go for something.

Secondly, the other thing that bothers me is

right now the DMV has two documents. This one says ASE certified; this was the one that was given to me about how to register it as a custom car. And I didn't even look at the form that the mechanic fills out because if you go by this, you'll send the other form. I didn't even read it; most people don't even know what a master tech is. So you have two documents and they contradict each other, so how can either one of them be right? And then when they keep changing the title, if you were in my shoes, the fourth time they want to change the title, would you be very positive? I don't think so.

MR. RODRIGUEZ: Thank you, sir.

MR. WALKER: I assume that we have a copy of the documents he's holding. Right?

MR. THOMPSON: Yes, sir.

MR. WALKER: Mr. Cass, thank you very much for your time, for coming up here. I know it's a long drive, and we appreciate when you come here and bring things to our attention.

MR. SLOVACEK: And I appreciate the time you've spent just writing all that down. It's going to get there. Twenty-five years, that's right around the corner.

MR. CASS: Thank you very much.

MR. WALKER: Next I think we have one more public comment from one of our board members.

MR. RODRIGUEZ: Mr. Chairman. The City of

Pharr yesterday passed, on their first reading, an

ordinance that is designed to assess a variation of fees

on the sales of motor vehicles in their city. I don't

know the answer as to whether or not they have within

their legal bounds to do that, and I'm asking from staff

today that they research that particular activity on

behalf of the board so that perhaps if we need to make any

decision about any action we might need to take, that we'd

have a basis for that.

So it's concerning to me, but I do not know the

2.5

So it's concerning to me, but I do not know the answer as to whether or not they're within their legal bounds to do this, and I think that it's appropriate for us to be briefed on this and have staff do the research for that.

MR. INGRAM: Where is Pharr?

MS. RYAN: It's near McAllen.

MR. WALKER: Can you spell it, that's the real challenge.

(General laughter.)

MR. RODRIGUEZ: So that's my comment this morning, and I hope that with that, again, this is just simply comment and that staff would heed our suggestion this morning and we can discuss it at a later meeting.

MR. WALKER: Thank you.

ON THE RECORD REPORTING (512) 450-0342

Okay. With that, let's move on to item 2. Mr Elliston, I guess you can come forward.

MR. DUNCAN: You have one more.

2.5

MR. WALKER: So you want me to back up. I'm going to go back to item 1.D that I missed over here real quick. I'd like to introduce and official welcome Daniel Avitia. Daniel has assumed the role of our director of the Motor Vehicle Division for the Department of Motor Vehicles on January 21. He has 20 years experience in state government. He's held director positions in other Texas state government agencies, which include the University of Texas at El Paso, Texas Department of Assistance and Rehabilitative Services, the Texas Health and Human Service Commission, and most recently, the Texas Department of Agriculture.

I hope you stay here longer than you've stayed everywhere else.

(General laughter.)

MR. WALKER: He's indicated that his professional focus is improving the Texas vehicle dealer industry consumer experience, continuing to strengthen the Motor Vehicle Division's operations.

I would also like to recognize Josh Kuntz.

Where is Josh? Can't see you behind the post over there.

Josh Kuntz has been serving as our interim director of

ON THE RECORD REPORTING (512) 450-0342

the Enterprise Project Management Office since August of 2013, and officially assumed the capacity of director in January. Prior to that, he served as the Information Security Officer for the department since 2012. Before coming to the department, he worked for the Texas Department of Public Safety, Texas Department of Juvenile Justice, and has 19 years of public service, with 13 years in state government and six years in the United States Marine Corps.

Thank you very much for your service. And thank you and welcome aboard, Josh, but I always figured you'd be here a long time anyway with your brother here.

(General laughter.)

MR. WALKER: Now can we move to 2?

MR. ELLISTON: Mr. Chairman, members, my name is Randy Elliston, the division director for the Vehicle Titles and Registration Division. I also have with me this morning someone I thought I was going to introduce to you, but you've already met him this morning.

MR. SLOVACEK: Cat's out of the bag.

MR. ELLISTON: Yes, cat's out of the bag.

Clint Thompson is our new chief of Titles for the agency.

Prior to taking that role, Clint was our regional manager in Corpus Christi, and prior to that he worked as an office branch manager for the Dallas County Tax Office, so

he comes with a lot of experience, and has done an excellent job so far and we look for great things out of him in the future. I have him here with me today because we're talking about some rules that he's had a lot of experience with in their formulation.

You have before you today, regarding agenda item 2.A.1, our request for final adoption to amendments to Title 43 TAC, Chapter 217, Vehicle Titles and Registration, which were posted in the *Texas Register* for public comment on November 29, 2013, and closed on December 30, 2013.

Item number 1 pertains to Section 217.3 and can be found on page 4 of your binder. The amendments cover various sections, starting with 217.3(a)(5) and ending with 217.3(a)(1). During the comment period we received comments from several groups. We received comments together from Representatives Ed Thompson, Dennis Bonnen, Larry Taylor and Jared Huffman. We also received comments from the Specialty Equipment Market Association, known as SEMA, and the Insurance Council of Texas, the National Association of Mutual Insurance Companies, the Surety and Fidelity Association of America, and the Insurance Auto Auctions, and the Texas Automobile Dealers Association.

I'm going to go through several of these comments because we've made changes as a result of these

comments. SEMA commented on 217.3(a)(6), suggesting that the addition of a definition for assembled vehicles be added to the rule. As a result, clarifying language was added to the section to establish a definition for assembled vehicles.

2.5

In addition, SEMA expressed concern that custom vehicles and street rods, as defined in Transportation

Code 504.501, would be required to meet the same safety requirement standards as assembled vehicles. Clarifying language was added to this section to exempt vehicles from having to meet these standards of they meet the definition of and are registered as a custom vehicle or street rod pursuant to Transportation Code 504.501.

SEMA also provided comment regarding the proposed language in 217.3(a)(6)(B) that would prevent titling of an assembled created from two different vehicle classes. Clarifying language was added to the section to establish that vehicle classes are those established by the Federal Highway Administration, and did add an exemption to the use of parts from two different classes of vehicles.

SEMA further provided comment on 217.3(b)(1) regarding the date of assignment, but the department has made no change as a result of this comment to the rule. This provision is in rule as a result of Transportation

Code 501.145 which pertains to the assignment of title. Assembled vehicles, including custom vehicles and street rods, are newly constructed vehicles, and therefore will not have a certificate of title.

The date of assignment for a assembled vehicles is considered to be the date the applicant files for the title or the date established on some other ownership document, such as the bill of sale or manufacturer's certificate of origin, only after the vehicle has been fully assembled and operational.

SEMA provided comment regarding assembled vehicles and establishing whether these vehicles are considered new or used. Current statutory and rule language provides the department sufficient authority to establish processing and handling procedures, and therefore, no changes were made to this rule. The definitions of a new and used motor vehicle are established in Transportation Code 501.001.

The Surety and Fidelity Association of America commented regarding the amendments to 217.3(g)(1) related to surety bonds. The proposed rule did not change the security liability under a bond, therefore, the department has made no change to this section in the adoption. The existing liabilities provided for under Transportation Code 501.053 remain the only liability when a surety bond

is issued.

2.5

The state representatives, the Insurance Council of Texas, the National Association of Mutual Insurance Companies, the Insurance Auto Auctions, and the Texas Automobile Dealers Association commented regarding amendments to 217.3(c)(6) related to providing personal identification when presenting applications for titling motor vehicles. These commenters generally objected to the language of the proposed rules which would require representatives of business or government entities to provide personal identification documents in support of these entities' applications for titling of one more vehicles.

The department has made changes to the proposed rule language in response to these comments. Language was added in 217.3(c)(6)(B) to allow for a letter of authorization for a company employee or agent to submit the titling documents on behalf of a leasing company, business or government entity, or other organization, but also requiring a verification of some form of identification to ensure that the person listed in the authorizing document is the person presenting the documents to the titling office.

Language was also added to adopt rule in that subsection to allow for the recording of a federal

employee identification number, the FEIN or EIN, rather than an employee or agent's identification when the vehicle is titled in the name of a business, government agency or organization. Finally, language was added in 217.3(c)(6)(F) and in new 217.3(c)(6)(G) to clarify that the identification requirements do not apply to holders of GDNs. Basically stating we don't require submission of a letter of authorization, except for to the county tax office, from a dealer that holds a GDN.

The primary interest here, I think, is for the ability for a government entity, a business or corporation to be able to have one or a fleet of vehicles to be registered in the system, and this way, using the FEIN would provide a standard number that all those vehicles would be tied to instead of some random employee that might be going in and doing that for them. The employee will still be required to show an identification of who he is and that he's associated with the company, along with a letter of authorization, a business card or other documentation.

We have incorporated these changes, we think they're all good changes, and would ask that you adopt these rules.

MS. RYAN: One question. The changes that were made, the stakeholders were circled back with and are in

agreement and comfortable.

MR. ELLISTON: Yes. We provided feedback to them. Clint Thompson, here, has talked to them regarding this and we've also provided some written documentation back to them. For the most part, we either did what they suggested or actually maybe went over and above. Any place where we did not take their recommendation was based on the fact that it was a misunderstanding of how the rule would be applied, which we have talked to them and I think made them comfortable with that, or that there's a statutory provision that we could not do that.

MS. RYAN: And the agency is comfortable, you all are comfortable with all those changes.

MR. ELLISTON: Yes, ma'am.

MR. INGRAM: Is there any stakeholders here today to speak on this item?

MR. RODRIGUEZ: Let me ask a question. Randy, we don't change ID requirements we previously have laid out for any of this, have we?

MR. ELLISTON: No, sir, nothing changes in that regard; those are all still the same.

MR. RODRIGUEZ: The same?

MR. ELLISTON: Yes, sir. All this does is adds the ability to use the FEIN number that we record in our system. If they're doing a personal vehicle or one that's

1	titled in their name, they still have the same
2	requirements they always have.
3	MR. RODRIGUEZ: And you say fleet registrations
4	for governmental agencies?
5	MR. ELLISTON: Yes, sir.
6	MR. RODRIGUEZ: And we want to do that through
7	EINs?
8	MR. ELLISTON: Yes, sir. We have had a lot of
9	comment back from government entities, everything from
10	state agencies to cities to counties, about this issue, so
11	we believe it's a good move to do this.
12	MS. CARAWAY: I have one question. On the
13	presentation for the FEIN or EIN, do they need to present
14	the form from the state, or just the number itself?
15	MR. ELLISTON: they will have to provide
16	documentation that that FEIN belongs to them and is tied
17	to that corporation. They can do that pretty easily off
18	of the website so they can show that it belongs to them.
19	And also to use that, the vehicle has to be titled in the
20	name that the FEIN falls under, so it has to match up.
21	MR. RODRIGUEZ: So fleet is for governmental
22	agencies and corporations?
23	MR. ELLISTON: Yes, sir. Leasing companies.
24	MR. RODRIGUEZ: Okay. And that's what I wanted
25	to ask about what constitutes a corporation? What would

prevent me from masking five or six vehicles in the name of The Big Company, or whatever, My Big Corporation?

MR. ELLISTON: They have to have their FEIN number, and if they have that number and it matches up, then we'll allow them to title it that way.

MR. RODRIGUEZ: I don't know if you understand what I'm trying to tell you. I'm pointing in the direction of a concern, and that is if I really don't you know about my vehicle, I'll just form a corporation and now you don't know except for an EIN number which may be tagged on somebody, but you know, that's an exercise.

MR. ELLISTON: Yes, sir, and I understand that, and we have certainly taken that into consideration, but today we have a situation where it's not much different in that you have a vehicle that's titled to some corporation and we have --

MR. RODRIGUEZ: I understand. You've got AT&T and outfits like that that have got hundreds of vehicles, I understand that. Someone that's going to mask a vehicle is not going to go out there and buy several hundred vehicles to do that, but is it number two or is it number three or is it number four, do we have a number that we recognize?

MR. ELLISTON: There is no number other than if it is titled in the name of a corporation, a business, a

government entity, then they can use this number to be associated with that vehicle in our system. Now, the person standing before us still has to present an ID saying: I am Randy Elliston and I represent the Department of Motor Vehicles, here's my identification or my business card showing I'm associated with it, so I'm authorized to make this transaction.

MR. RODRIGUEZ: But at the time we run a registration on it, all we're going to get is the corporation name, whatever it may be.

MR. ELLISTON: Yes, sir.

MS. RYAN: If I'm correct, this is to the question of the FEIN, in order to receive it, it's tied back to an individual and you can find that. Correct? So to Victor's point, the corporation named ABC, LLC, that FEIN number is tied to somebody. Now, whether you can find that somebody is a whole different question. Is that correct?

MR. ELLISTON: That's correct.

MR. BARNWELL: State franchise tax will show the EIN number and the state franchise number which is a little bit of an additional couple of digits there.

But I wanted to ask you about the entities.

You say corporations, but is that a blanket description?

Is that limited partnerships, LLCs, partnerships?

1 MR. ELLISTON: Our rule states that it be in 2 the name of a business, a government entity or 3 organization, so if it's not in someone's personal name, 4 if it's in an organization called Two Trailers from 5 Houston and they have an FEIN, they can title it that way. 6 The problem that we have today is we've got a 7 lot of folks that are really uncomfortable with the fact that their employees -- and I understand that -- are 8 9 coming in, particularly on large fleets, and saying I'm 10 so-and-so, and their name and identification is being 11 associated with that vehicle. That really does us no good because later on if it's in our database, you know how 12 13 many cars AT&T has? 14 MR. BARNWELL: Is it up to the individual tax assessor-collectors? 15 16 MR. ELLISTON: They will be required to accept 17 that FEIN number if you pass this rule. 18 MR. BARNWELL: And do they check on that FEIN 19 number's validity? 20 MR. ELLISTON: The person standing before them will have to provide documentation, and that can just be a 21 22 printout off of the website showing that this FEIN belongs 23 to this corporation or company. 24 MR. BARNWELL: What website is that?

ON THE RECORD REPORTING (512) 450-0342

MR. ELLISTON: The IRS website.

2.5

MR. BARNWELL: So you would go to the IRS website and have that printed out. Have you done that?

MR. ELLISTON: I know it exists but I have not personally done it. I don't have an FEIN so I haven't tried.

MR. BARNWELL: I've submitted a lot of W-9s over the years but I've never gone to a web -- it would make a W-9 sort of irrelevant because it basically tells the vendor that you're doing business with or the customer that you have this number and this is your address and this is the name of your entity, but it's stuff you fill out yourself. If we can go to an IRS website and collect the employer identification number, that's interesting. I didn't know we could do that. I'm not questioning, or I'm guessing that's new.

MR. ELLISTON: And that was one of the issues early on when we were looking at the ID rules and how to address this, you know, how good is that for us, but it's certainly better than what we're doing today. And this does not specify what that documentation has to be, it just has to be documentation that the tax office is comfortable with as good FEIN documentation. So when they get their FEIN, if they have an official document from the government that says this is your FEIN, then that would be acceptable.

1 MR. BARNWELL: I see the problem, I know it's 2 I don't think this is a great answer but it's complex. 3 the best answer I've heard so far. 4 MR. ELLISTON: We're on the same page then. MS. CARAWAY: Will that paperwork need to be 5 6 submitted with the title package? 7 MR. THOMPSON: Yes, ma'am. MR. ELLISTON: Yes, ma'am. 8 9 MR. WALKER: So let me kind of walk through the 10 process of my own company here. We buy trucks all the 11 time so the last time we bought trucks -- not the last 12 time, that was last week -- but the prior group of trucks 13 that we bought, they came by my office and said they had 14 to get a copy of my driver's license, and they took that 15 back to get our titles for those trucks when we bought 16 those. So now they're going to come to my office and say 17 we need to get a copy of your federal tax ID number is 18 what they're going to want a copy of? MR. ELLISTON: If a vehicle is titled in J.H. 19 20 Walker Trucking and you have an FEIN for J.H. Walker Trucking, then your employee can take that documentation 21 22 to the tax office. 23 MR. WALKER: My employee doesn't do that; the 24 dealers do that, generally, for us.

ON THE RECORD REPORTING (512) 450-0342

MR. ELLISTON: Okay. Whoever does that will

2.5

1	have to have that information.
2	MS. RYAN: They require that now, the dealer
3	requires that now.
4	MR. WALKER: The federal ID number?
5	MS. RYAN: If you're titling it in a company
6	name, they will.
7	MR. WALKER: They came up the other day and
8	just asked for my driver's license.
9	MR. ELLISTON: The rule today is we would have
10	to have your driver's license, so if you pass this rule,
11	that will change and you could use your driver's license
12	or your FEIN. This is a response to a lot of concern from
13	different groups about this issue.
14	MR. WALKER: Karen, you and Jeff, I see, are
15	here. You were the ones that expressed some interest.
16	Does this, you think, satisfy your needs?
17	MS. PHILLIPS: (Speaking from audience.) I
18	hope so. I have seen the Randy mentioned to me orally
19	what was going to be changed
20	MR. WALKER: And I apologize, we should have
21	gotten you copies of those changes.
22	MS. PHILLIPS: (Speaking from audience.) I
23	certainly hope so.
24	MR. WALKER: Jeff.

ON THE RECORD REPORTING (512) 450-0342

one question just for clarification here.

2.5

MR. WALKER: I'm sorry. I need to probably clarify who you are for the record. And smile because you're on camera.

MR. MARTIN: Jeff Martin with Texas Independent Automobile Dealers Association.

And I want to clarify, and I think this goes to Member Caraway's question. To take a copy of an EIN number or some documentation, that's excluding someone who holds a GDN. Correct? It would not be a requirement. It needs to be on a 130-U, but we're not requiring paperwork to support that, the dealer would retain that copy.

MR. THOMPSON: Exactly. And we've gone a little further to say that you are no longer required to submit letters of authorization, business card or employee ID when it's a company name. Basically, you are going to be submitting a title and whatever supporting documentation, special credit applications, things of that nature. You must retain all those other documents in your deal jacket.

MR. MARTIN: So then to Chairman Walker's point, he would not be required, when titling a vehicle, to either make his ID available or a copy of an EIN number.

MR. ELLISTON: He would still be required to

1 have it for the dealer. It doesn't have to go to the tax 2 office, but if it's a GDN holder, then they wouldn't have 3 to do it. You're special, so my understanding is most of 4 them, they do their own. But if a GDN holder -- correct 5 me, Clint, if I'm wrong -- they would be held in the deal 6 jacket just like any other file would. 7 MR. MARTIN: Right. And I think was that your 8 question so we understand that correctly, that a dealer 9 would not be required to take that paperwork to the tax office? 10 MS. CARAWAY: Just like we don't with the ID 11 12 currently. 13 MR. MARTIN: That's correct. It would be on 14 the 130-U. 15 MR. ELLISTON: But you do have to record it on 16 the 130-U for submission into RTS. Correct. 17 MS. CARAWAY: But an individual corporation 18 coming into the tax office would have to submit that document. 19 20 MR. ELLISTON: That's correct. MS. CARAWAY: And that would go with the title 21 22 package in to Austin. 23 MR. ELLISTON: That's correct. 24 MR. WALKER: Anybody else on the board have any

25

comment?

(No response.)

MR. WALKER: Jeff, thank you very much for your comments.

Randy, do you want to take and finish this up, or do we want to take these individually or collectively?

MR. ELLISTON: I would like to go ahead and do the second piece on there.

MR. WALKER: Let's go ahead and take it collectively.

MR. ELLISTON: Okay. Also before you, you have amendments to 217.22 regarding agenda item 2.A.2. This s our request for final adoption to amendments to Title 43, TAC Chapter 217, Section 217.11, Motor Vehicle Registration.

These amendments are made to implement the requirements of multiple House bills that were passed by the legislature. The first section of 217.22 clarifies identification required for titling services, generally, for leasing and corporation applications and use of powers of attorney. This section also clarifies when the identification is current.

Section 217.22(c)(1) deletes the requirement that the registration sticker on the vehicle windshield must be within six inches of the vehicle inspection sticker. This is in preparation for single sticker, there

won't be one so we're six inches from that.

2.5

Section 217.22(c)(3) establishes a vehicle registration period for twelve consecutive months. This is also for single sticker. We'll have just a one-year registration, except for those for new vehicles that have cars and light trucks that have a two-year sticker when they're sold new.

Section 217.22(f) clarifies that farm trailers and farm semi-trailers are registered as farm vehicles.

The amendments also mandate use of the Comptroller's agriculture and timber exemption registration number for identification with respect to farm vehicle registration.

And 217.22(I) remains titling requirements previously applicable to neighborhood electric vehicles.

During the comment period we did receive two comments, one from the Texas Farm Bureau regarding the applications of farm plates. Texas Farm Bureau did support this rule, however, they have a concern regarding using the Texas agriculture and timber exemption registration number because they've had a couple of instances where the wife may have the trailer in her name but the card is in her husband's name, and they asked that we try to work that out so that that won't be a problem for them.

I will tell you we've already met with the

Comptroller's Office on this issue and they're looking for a solution, either adding everybody on the card or giving them a separate card or doing something in their database to resolve that, so that's being taken care of.

TADA, Texas Automobile Dealers Association, commented that the language in 217.22(b)(4)(E) and (F) should be amended to make the language in those section consistent with amended language in corresponding sections regarding identification requirements proposed for amendment in 217.3(c)(6), as published in the November 29, 2013 issue of the Texas Register. The department has made these changes in the adoption package to correspond with the rule language in 217.3, as suggested in the comment.

Basically, what this is is just take the same language into each section so it's the same, and we basically said in there that the identification requirements that are in this section apply and it goes through each one of the, so we have also made that change.

And with that, we would ask for final adoption of these rules.

MR. RODRIGUEZ: I'm going to move that we approve. I'm just going to ask you to kind of watch that application we're now moving toward. I take your word that it's better than what we have right now, and when somebody wants to do something, they'll always find a way,

so there's not perfect answer to this. 1 I move that we approve, Mr. Chairman. 2 3 MR. WALKER: We have a motion from Member 4 Rodriguez. 5 MS. RYAN: Second. 6 MR. WALKER: We have a second from Member Ryan. 7 Any comments? MR. INGRAM: A couple. The motion is to 8 9 approve as amended. Correct? 10 MR. RODRIGUEZ: As proposed today, and I think 11 that is the amended version pursuant to the comments that 12 you received. That's correct. 13 MR. INGRAM: And the second thing is just a comment, and that's to staff. As we move closer and 14 15 closer to the single sticker rule, I just want to keep 16 throwing up a flag saying this is going to be very 17 impactful to the dealers, so it's going to have a lot of 18 issues. I know we're not anywhere close, but every time I 19 get a chance to say, hey, this is going to be bigger than 20 you think. MR. RODRIGUEZ: It's closer than you think, 21 22 it's around the corner. 23 MR. ELLISTON: Member Ingram, I hear what 24 you're saying. We are very sensitive to that issue.

have been working very diligently with the other two

25

1	agencies involved in this process, and have really
2	struggled with it early on. I'll tell you as late as
3	yesterday we have made significant progress in moving this
4	forward, so we actually know what it's going to look like.
5	So now we can actually start nailing some of these things
6	down so we can start telling people and talking to them
7	and working with them. Up until now, we've known very
8	little to be able to actually say what is, is.
9	MR. INGRAM: I understand. It's an opportune
10	moment to say, hey, this is going to be an issue.
11	MR. ELLISTON: As you've heard before, I get
12	it.
13	MS. BREWSTER: Member Ingram. Whitney
14	Brewster, executive director.
15	Jeremiah Kuntz will be going into that a little
16	more in the legislative update further down on the agenda.
17	MR. INGRAM: Very well.
18	MR. WALKER: Any further comments, questions?
19	If not, I'll call for the vote. All in favor of accepting
20	the amended rules under Section 217.3 and 217.22, all
21	signify by saying aye.
22	(A chorus of ayes.)
23	MR. WALKER: All opposed, same sign.
24	(No response.)
25	MR. WALKER: Motion carries unanimously.

With that, before we move on to agenda item number 3, we're going to take -- I keep missing things. Let's go to 2.B, Randy.

MR. ELLISTON: You have before you today a request under item 2.B of the agenda, which you will find on page 121 of your binder, our request to post for public comment amendments to Title 43 of the Texas Administrative Code, Section 217.23, Special Registration Permits. The amendment is necessary to implement requirements of House Bill 3256. This is only for positing for public comment.

They are changes to 217.23(b) which mandates an additional weight permit not issue unless an applicant provides proof of the applicant's Texas agriculture and timber exemption registration number, as issued by the Texas Comptroller of Public Accounts. The amendments also authorize verification of registration numbers through the Texas Comptroller of Public Accounts online system.

And also to Section 217.23(c), replaces director with department to conform with statutory reference for administrative convenience. This is basically for ag permits when somebody has a vehicle of a certain weight, and for temporarily, because of an agricultural situation, wants to increase that weight, they can get this permit. This just requires them to use the Texas ag and timber exemption registration number to

1	prove they're eligible for the permit for that purpose.
2	And this is for posting for public comment
3	only. We request that you approve this.
4	MR. RODRIGUEZ: So moved, Mr. Chairman
5	MR. BARNWELL: Second.
6	MR. WALKER: We have a motion by Member
7	Rodriguez and we have a second by Member Barnwell. Any
8	comments, any discussion?
9	(No response.)
10	MR. WALKER: All in favor signify by saying
11	aye.
12	(A chorus of ayes.)
13	MR. WALKER: All opposed, same sign.
14	(No response.)
15	MR. WALKER: Motion carries unanimously.
16	Before we move on to agenda item number 3,
17	we're going to take agenda item number 5 out of order.
18	We're going to go into closed session. It is now nine
19	o'clock exactly, on the button how do you like that
20	on March 7, 2014. We will go into closed session under
21	Texas Government Code Section 551.071.
22	For those of you in the audience, I anticipate
23	being in executive session about one hour, and we will
24	reconvene into open session after that.
	l

ON THE RECORD REPORTING (512) 450-0342

With that, we are recessed from the public

25

1 meeting and we are now in executive session. 2 (Whereupon, at 9:00 am., the meeting was 3 recessed, to reconvene this same day, Friday, March 7, 4 2014, following conclusion of the executive session.) 5 MR. WALKER: It is approximately 10:28 on March 6 7, 2014, and the Board of the Texas Department of Motor 7 Vehicles is now back in open session. We want to note for the record that no action was taken during closed session. 8 9 Let's move on to agenda item number 3, briefings and action items, and that would be me. 10 11 Annually, the board elects amongst themselves a 12 vice-chairman to assist and to conduct the meetings should 13 the chairman not be able to be here, and so we need to 14 have nominations and if we want to have some campaign 15 speeches as to why you would be a better candidate that 16 somebody else, we would be more than happy to entertain 17 and allow you to get the floor. So does anybody want to 18 stand up and campaign for the position? 19 MR. INGRAM: Can I campaign for someone else? 20 MR. WALKER: Absolutely you can. 21 MR. RODRIGUEZ: I hereby nominate Ms. Laura 22 Ryan, Mr. Chairman. 23 MR. INGRAM: And I second. 24 MS. RYAN: Can I think about this? 2.5 MR. BARNWELL: I move that the nominations be

closed. 1 2 (General laughter.) MR. WALKER: So we have a motion to nominate 3 4 Ms. Ryan again, who has been doing the job for the last 5 three years, I guess -- about two and half years. 6 MR. INGRAM: Time flies when you're having fun. 7 MS. RYAN: Absolutely. MR. WALKER: One of these days I'm not going to 8 9 show up and let her conduct the meeting; you might not have me back. 10 So we have a nomination and we have a second. 11 Is there any other nominations from the floor? It appears 12 13 as not, so it looks to me that you --14 MS. RYAN: Do I have to accept? I'm teasing. 15 MR. WALKER: So all in favor of accepting Ms. 16 Ryan and vice-chairman of the board for the next twelve 17 months, signify by saying aye. 18 (A chorus of ayes.) 19 MR. WALKER: All opposed, same sign. 20 (No response.) MR. WALKER: Congratulations. You're the new 21 22 vice-chairman. 23 MS. RYAN: Thank you very much. The honor is all mine. 24 2.5 MR. WALKER: And I will say I have been working

with Laura now for the last year and she and I have worked together very closely. I appreciate all you've done,

Laura. I couldn't have gotten near where we're at today without all your help and support, and I appreciate that.

MS. RYAN: Well, thank you.

MR. WALKER: She's a great sounding board.

Okay. So now let's move on to item number 3.B,

Finance and Audit Committee. Board Member Raymond

Palacios, let's talk about the Data Center, the Internal

Audit, and the Internal Audit Charter.

MR. PALACIOS: Yes, sir. Chairman Walker, fellow board members. Yesterday the Finance and Audit Committee met. We reviewed and discussed four items, three of which are on our agenda today for further discussion and/or board action. So at this time I'd like to call Linda Flores to present on the Data Center consolidation budget.

MS. FLORES: For the record, my name is Linda Flores. I'm the chief financial officer for the Texas Department of Motor Vehicles.

What we presented to the board yesterday was an assessment of what we believe to be a projected shortfall.

MR. WALKER: Can I interrupt you for one second? I know yesterday I was at the meeting that the committee had, and we had visuals yesterday. Are we going

to use those today?

2.5

MS. FLORES: If you'd like, it's ready to go. If not, we can just provide a briefing.

MR. WALKER: How hard would it to put that up here in front of us?

MS. FLORES: Turn the TVs on.

MR. WALKER: It might help if they can look at it so they can follow what you're going to go through.

(Pause to turn on monitors.)

MS. FLORES: So this is a brief summary in front of you on the screens of material that's in your board documents starting on page 141. This particular table is an excerpt from the biennial forecast on page 144, and this is a summary of what happened to the agency this last legislative session in the 83rd.

So the agency was appropriated certain dollars for Data Center consolidation in one part of the General Appropriations Act. In another part of the General Appropriations Act, it was reduced and it's under Article 9, and these are general limitations that agencies are required to operate under. The first part of the appropriations act groups agencies in like functions, and those are in Articles 1 through 8. Article 9 are general provisions that all state agencies have to abide by.

There's things like travel regulations, salary groupings,

(512) 450-0342

and in another part of that article there are reductions and sometimes there's increases, sometimes there's decreases, depending on what's going on in the legislature.

2.5

So the orange cells identify what the agency was appropriated. The pink row identifies the reductions by year, so you come back down to an adjusted amount for the agency for Data Center consolidation. So we went from \$12.2 million, they reduced us by almost \$4.5-, and our appropriations are \$7.8-. So that's kind of what happened to the agency with this particular line item.

This next slide shows what we anticipate to spend in the next biennium for '14 and '15. We've received bills from the Data Center for technology services based on a consumption model, so if you use more services, they charge you more. There's also another piece to our Data Center servers in that we receive support from TxDOT for a lot of our servers still on their network. They haven't transitioned over to the Data Center. So that pink row are the charges that we're being billed by TxDOT every month as well. Those two items result in a projected shortfall represented by the blue row, if you will, and it's basically two \$2.9 million the first year and \$2.3 million the second year.

Staff have been working to identify how to fund

that shortfall and we've done that in a couple of ways.

Number one, agencies, and DMV is no different in that I budgeted a certain amount of money for contingencies.

Normally contingencies can fall under a natural disaster or a fire that affect one or more of our regional offices.

And two, there's also what we call salary savings, and salary savings are generated in two ways. One, when an employee leaves there's a lag time before the next person is hired; for us that's approximately 60 days. Another way to accrue savings is if you have a higher paid employee who leaves and then the new person comes in at a lower level. So those two factors generate savings for an agency, and we've already identified a potential savings of \$1.4 million.

2.5

This in no way impedes divisions from hiring when they choose to select an employee. Those savings were generated from September through December, \$1.4 million. Again, I want to stress that we've worked with the division directors to identify when they intend to hire their vacancies and we've factored that into our savings for salaries.

MR. RODRIGUEZ: Linda is that \$1.4- for '14 or for the biennium?

MS. FLORES: For '14. I expect to have the same circumstances occur during FY '15 through normal

1 attrition.

2.5

MR. RODRIGUEZ: So we may have \$2.8-.

MS. FLORES: Correct.

MR. RODRIGUEZ: And my question, before I go further on that, that's an estimated savings on lapsed salaries. That includes any payouts of any departing employees or retiring employees, that's already factored out as well.

MS. FLORES: Yes, sir.

So between those two items, we know that we can cover the projected shortfall in this particular line item, but because it's a capital appropriated line item, I have to have approval from our board to notify both the Legislative Budget Board and the Governor's Office of our intent to fund that gap. So that's kind of what we provided to the Finance and Audit Committee yesterday, and I'm seeking your approval to proceed, as well as the executive director, for us to inform those two oversight entities of our planned actions to remediate the shortfall.

MR. RODRIGUEZ: So moved, Mr. Chairman.

MR. WALKER: So we have a motion to move this funding into the shortfall.

MR. PALACIOS: Second.

MR. WALKER: We have a second by Mr. Palacios.

1	Any questions?
2	(No response.)
3	MR. WALKER: I have one question real quick.
4	In order to do this, we have to get approval from the LBB
5	and the Governor's Office both?
6	MS. FLORES: We need to inform them, notify
7	them.
8	MR. WALKER: Not get approval, just inform that
9	we're doing this.
10	MS. FLORES: Notify them.
11	MR. WALKER: Okay. Any other questions,
12	discussion?
13	(No response.)
14	MR. WALKER: All in favor signify by saying
15	aye.
16	(A chorus of ayes.)
17	MR. WALKER: All opposed, same sign
18	(No response.)
19	MR. WALKER: The motion carries unanimously.
20	Okay. Let's move on to Internal Audit.
21	Raymond, you're next with the Internal Audit Plan and the
22	Internal Audit Charter.
23	MR. PALACIOS: That's correct.
24	MR. WALKER: Ms. Vice, the floor is yours.
25	MS. VICE: I don't have a presentation, sir.

MR. PALACIOS: Do you want to present the Internal Audit Plan update?

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

MS. VICE: Yes, sir. Good afternoon, Chairman, members. My name is Sandra Vice. I'm the Internal Audit director, and today I will be providing an update on the Internal Audit Plan for 2014.

I wanted to let you know some of the activities that have been completed. There was one audit that was completed in September 2013. That was a followup audit on a State Auditor's report on contracting. There were also several activities that were completed. This included developing policies and procedures for the Internal Audit Division, also conducting a self-assessment of the Internal Audit Division to identify strengths and opportunities for improvement. We also implemented TeamMate which is software that we use to manage our engagements. Also, we updated the Internal Audit Charter for the board's review and approval which will be an item later today. Also prepared the annual audit report which is something that is required to be done every year and is presented to oversight entities annually.

We have three engagements that are currently in progress. The first is monitoring of the registration and titling refactoring project. We plan to present a report on that in May of this year. We also are currently

conducting an audit of the department's contract workers, and we have an estimated report date of June of this year. And finally, every year we will be following up on prior audit recommendations and we plan to release a report in August of this year. There is one audit that is on the audit plan that we will start in the summer, and that is the web-enabled subcontractor renewals.

There are three projects on the audit plan that show that they have either been transferred or canceled. The first of these is the responsibility to perform the single audit desk reviews. That was transferred to the Automobile Burglary and Theft Prevention Authority. The second is the data integrity of selected registration and titling system information. This project was canceled because the IT projects that it depended on have been pushed back till 2015, so basically, there was nothing for us to audit at this time.

And finally, the information security review that we had planned to do this year, we have canceled because the agency hired a contractor, a consultant, and they basically did the same work and released a report to the agency earlier this year, and so instead of us duplicating their effort, we plan to follow up on their work and to see how the agency has implemented the recommendations once the agency has had an opportunity to

1 implement the recommendations. We have also in the audit plan set aside hours 2 3 so that if the board or executive management has any 4 requests for us to do additional work, we have set aside 5 hours for us to do that. And finally, there are several 6 activities in the plan for ongoing activities, for 7 example, if there are any fraud hotline complaints, or for us to coordinate with external auditors. 8 9 This concludes my comments regarding the update on our plan, and I'm glad to take any questions. 10 11 MR. RODRIGUEZ: Ms. Vice, as I see this item, 12 this is a proposal to update our current audit plan. 13 that correct? 14 MS. VICE: Yes, sir. 15 MR. RODRIGUEZ: When you say current hours, is 16 that the current audit plan today? 17 MS. VICE: Yes. The current hours, that's 18 information that the former auditor had provided. 19 MR. RODRIGUEZ: So that's part of our adopted 20 plan right now. MS. VICE: Yes, sir. 21 22 MR. RODRIGUEZ: When you say revised hours, is 23 that your column? 24 MS. VICE: Yes, sir. 25 MR. RODRIGUEZ: So if I'm reading, for example,

1 item number 3 on your list, or 4, this is followup on 2 recommendations. 3 MS. VICE: Yes, sir. 4 MR. RODRIGUEZ: Previously we had zero hours in that and now you're asking to modify this and add 250 5 6 hours for that purpose. 7 MS. VICE: Yes, sir. MR. RODRIGUEZ: So followup on recommendations 8 9 was not part of our plan. MS. VICE: Correct. 10 11 MR. RODRIGUEZ: You're asking that we modify it 12 today and add that as part of our current plan. 13 MS. VICE: Yes, sir. 14 MR. RODRIGUEZ: And that's the case across the 15 board. I see zeroes in current hours column, that means w 16 did not have that, and where you've added, that means that 17 you're asking for us to accept that. 18 MS. VICE: Yes. 19 MR. RODRIGUEZ: So let me ask you, the ABTPA 20 single audit desk review, you're asking that we not do that, and that's basically grant compliance audits. 21 22 Right? 23 MS. VICE: Yes, sir. 24 MR. RODRIGUEZ: And they are prepared to 25 undertake this, do you know?

MS. VICE: We've had discussions with Mr. 1 Caldwell and we've discussed that with them and they said 2 3 that they would take that over. They have two grant 4 administrators, and that is their function to do that. 5 MR. RODRIGUEZ: Okay. There are two projects 6 that you've canceled, or you want to cancel pursuant to 7 this request today. Right? 8 MS. VICE: Yes, sir. 9 MR. RODRIGUEZ: Data integrity and information security. Right? 10 11 MS. VICE: Yes, sir. MR. RODRIGUEZ: And that's because those 12 13 projects are not in motion today, and therefore, we can't 14 do them anyway. 15 MS. VICE: One is because there is nothing for 16 us to audit at this time, and the other one is because 17 another consultant just did that work. 18 MR. RODRIGUEZ: Okay. And you've asked to add 19 Internal Audit Division policies, quality assurance 20 assessment and TeamMate implementation, you've asked that we undertake that or we add that to our current plan? 21 22 MS. VICE: What that reflects, sir, is that in 23 the past Mr. Lawler didn't reflect other activities that 24 the auditor's office did, and so what I've done is I've

included all activities that the auditor's office does.

2.5

So this was work that was being done in our office anyway, I'm just reflecting it.

MR. RODRIGUEZ: I guess my question is when you go to the next page you've got Internal Audit Charter, fraud hotline complaints, external auditor coordination, and risk and communication activities. Those are four more items which we did not currently have in our current audit plan, and you're asking to include that.

MS. VICE: Yes, sir.

MR. RODRIGUEZ: What I'm leading to is this, you know, typically an audit plan is based on a risk assessment, so I'm asking you, you're asking that we add these up there and I'm just wondering who are the assessors that ultimately asked to put this on there.

MS. VICE: Well, I'm the one that's asking to include these things.

MR. RODRIGUEZ: That's good, that's fine.

MS. RYAN: Quick question, the difference between the \$3,600 and the \$4,500, we have the current resources to cover this plan and make sure that everything on the plan does get implemented?

MS. VICE: Yes. Again, the way the former auditor showed this, he was only calculating based on the hours for engagements, and the reason the hours look greater for mine is because I'm showing all the activities

1 that the auditor's office is doing, including work not 2 related to engagements. But this is based on just the 3 three staff. There's one audit that at this time I'm 4 estimating will probably carry forward to the next year. 5 That's the last audit that we're going to begin, the web-6 enabled subcontractor renewals. We will probably begin 7 late in June and will probably carry forward into the next 8 year. And that's pretty common that you try and carry 9 forward one audit into the next year because there's a 10 little bit of a lapse between one plan being adopted and 11 the next plan being adopted. So I predict that one will 12 carry forward to the next year. 13 And we have the ability everything MS. RYAN: 14 that's on our planned engagements? MS. VICE: I believe so. 15 16 With the exception of what might MS. RYAN: 17 carry over and cover the other internal audit activities 18 that got added?

MS. VICE: I believe so, yes.

MR. RODRIGUEZ: Ms. Vice, typically when we have an audit plan, the auditor, your office in this case, would take on that audit and at some point produce a report. Right?

MS. VICE: Yes.

19

20

21

22

23

24

2.5

MR. RODRIGUEZ: And I understand what you're

doing here, but why is quality assurance self-assessment an audit? Am I going to get a report of that as an audit, or is this just accounting for time?

MS. VICE: It's not an audit, sir.

MR. RODRIGUEZ: And that's my point, you're asking that we put it on as an audit plan, but should administrative responsibilities -- certainly the math will not add up here to the total number of hours that you'll spend on audit because it can't because you guys have administrative responsibilities. My point is that's not an audit, some of these things are not audit, and if they're here on the audit list and typically we get an audit report, and I don't know how you would put one together on a variety of these, for example, external auditor coordination, that's not an audit. That's what I'm saying. Should it be here, is my question, as part of an audit plan. I understand it's operational time expenditure, I understand that, but it's not an audit.

MS. VICE: Yes. What I did, sir, was I modeled this on what other internal auditors do, and it's a way to show their board the activities, and that's why I labeled it Audit Plan Engagements and Other Internal Auditor Activities.

MR. RODRIGUEZ: I understand that, but at some point somebody in the future is going to look at this

audit plan and is going to say: Okay, where is the audit report for item 3A or 3B. There isn't going to be one for some of these.

MR. PALACIOS: Board Member Rodriguez, this graph here really outlines audit activities in general, some of which include audits, and it's more an accounting for the time of the internal audit staff. I agree with you, not all of these will actually have reports that come out, but it was more for the benefit of the board to be able to account for the time that Ms. Vice and her staff will be using for the fiscal year.

MR. RODRIGUEZ: Okay.

MR. INGRAM: I do believe the last time that we looked at this, there was a lot of discussion about the number of hours didn't quite make sense, and so actually, this is helpful to understand what all else is going into your duties, and so being labeled separately as other internal audit activities, I think you've set it apart so that we don't expect a report, as the chief recommended.

MS. VICE: At the end of the year I am required to present an annual audit report, and in it I will list the reports that were issued. I basically reconcile the audit plan to what I've produced and in that I will do a walk-through and say the reports that were issued and other activities, so I will present that to you at the end

of the year, I'm required to do that.

MR. WALKER: So I think Ms. Vice has kind of inherited the department or we've given her the job there, and she's gone in and tried to clean up the plan for the year and sort of can expect to be done, what can we anticipate there.

I think going forward, Sandra, that what the board is going to want to see is we know that everything is sometimes being modified, but what we want to look at is that we get a plan that at the beginning of the year says this is where we're going to go for the next twelve months and we need to set those as our expectations to go through and finish those goals and do it within a reasonable expected time there. Some things you may find something in there that you need to spend more time on and some things we have seen in the past have kind of not taken the amount of time that we anticipated. So there's going to be some gain and loss there.

MS. VICE: Yes, sir.

MR. WALKER: Does anybody else have any other questions there?

MS. RYAN: Does this need to be approved since it's been modified?

MR. WALKER: Modified, yes. I think we always have to approve it if it's been modified.

1	MR. DUNCAN: I don't think you need a motion
2	for this, this was just an update.
3	MR. WALKER: So if we modify the plan, it
4	doesn't need to be voted on?
5	MS. RYAN: It had to be an approved plan.
6	MR. WALKER: It has to be approved, so if it's
7	changed, I'm pretty sure that you'd need to vote on that
8	to approve the modification.
9	MR. DUNCAN: You can certainly vote on that if
10	you'd like to.
11	MR. WALKER: Let's just vote on it to be safe.
12	I think if it's an approved plan, we have to take a vote.
13	MR. PALACIOS: I move that we accept the
14	updated Internal Audit Plan.
15	MR. SLOVACEK: Second.
16	MR. WALKER: So we have a motion from Mr.
17	Palacios, we have a second from Mr. Slovacek. Do we have
18	any other discussion, questions, comments?
19	(No response.)
20	MR. WALKER: If not, all in favor of the
21	modified plan signify by saying aye.
22	(A chorus of ayes.)
23	MR. WALKER: All opposed, same sign.
24	(No response.)
25	MR. WALKER: The motion carries unanimously.

Let's move on, Ms. Vice, to the charter.

MS. VICE: This morning you should have received a revised version of the Internal Audit Charter.

That is the version that the Finance and Audit Committee approved yesterday after we met. Have you had a chance to locate that?

MR. WALKER: Yes.

2.5

MS. VICE: So this charter has been reviewed by the members of the Finance and Audit Committee, with input from other board members. The audit charter is important in managing the internal audit activity. It's a formal written agreement with management, the board and the agency's Internal Audit function, and it establishes the role of the board, the department's management, and the Internal Audit staff, as well. It outlines the purpose, the authority, the responsibility of the Internal Audit function at the Department of Motor Vehicles.

As you know, the Internal Auditing Standards require that the charter be updated periodically, and back in December 2011, when it was last signed, it was signed by the previous chairman, the previous Finance and Audit Committee chairman, the previous executive director, and the previous Internal Audit director. So this current update also clarifies some responsibilities.

If you have any questions for me on the

1	charter.
2	MR. WALKER: So you want me on the record now
3	signing. Right?
4	MS. VICE: Yes, sir.
5	MR. SLOVACEK: Move we approve the
6	recommendation.
7	MR. WALKER: We have a motion to approve the
8	charter. Need a second.
9	MR. PALACIOS: Second.
10	MR. WALKER: We have a second from Mr.
11	Palacios.
12	MR. RODRIGUEZ: I have a question before we go
13	to vote, Mr. Chairman.
14	MR. WALKER: And we have a question from Mr.
15	Rodriguez.
16	MR. RODRIGUEZ: Ms. Vice, the charter, if I
17	understand correctly, authorizes you to do what's
18	necessary, provided that you work within the audit plan.
19	Is that correct?
20	MS. VICE: Yes, sir.
21	MR. RODRIGUEZ: So your audit plan is basically
22	your box, your charging instrument. That's your
23	playground, whatever the audit plan on record is. So this
24	is your room to work within. Right?
25	MS. VICE: Yes, sir.

1 MR. RODRIGUEZ: Are we clear on that? So long 2 as you're working off that plan, you're fine. 3 MR. PALACIOS: Ms. Vice, can you discuss 4 exceptions, I guess, that would cause you to deviate from 5 the audit plan? 6 MS. VICE: Yes. I have a responsibility that 7 if issues come to my attention, for example, if an 8 employee or somebody comes to me with allegations, I have 9 a responsibility to bring those forward to the chairman, 10 to Mr. Palacios, to the executive director, and if they 11 believe that those are serious enough that I should look 12 into them, or if I have a concern of something that is 13 occurring at the agency. 14 MR. RODRIGUEZ: Let me ask you this, based upon 15 what you're saying, the chairman, Mr. Palacios or the 16 executive director can modify the audit plan by 17 themselves? 18 MS. VICE: What I'm saying is I would bring 19 that concern to them and then they can at that point give 20 me authorization to look into an issue further. 21 mentioned, there is a place in the audit that says that I

MS. RYAN: And if the executive director were to give you direction, then you would notify the chairman.

can do work at management and board requests, so that is

22

23

24

25

in the audit plan.

1	MS. VICE: Absolutely.
2	MS. RYAN: So really, the board is in the loop
3	at any given point with any audit activity.
4	MS. VICE: Absolutely.
5	MS. RYAN: That is the scope within the loop
6	and the authorized aspect of it?
7	MS. VICE: Yes, ma'am.
8	MR. RODRIGUEZ: I understand. Thank you.
9	MR. WALKER: Any other questions?
10	(No response.)
11	MR. WALKER: All in favor of accepting the
12	motion, as presented to accept the charter, signify by
13	saying aye.
14	(A chorus of ayes.)
15	MR. WALKER: All opposed, same sign.
16	(No response.)
17	MR. WALKER: The motion carries. Thank you
18	very much, Ms. Vice. I know it's been a rough road
19	getting here but we appreciate all you've put into this.
20	MS. VICE: Thank you.
21	MR. WALKER: Let's go to item 3.C,
22	consideration of specialty license plate contract. Are we
23	ready to talk about that, Ms. Brewster?
24	MS. BREWSTER: Yes, sir.
25	MR. WALKER: Do you have some exciting news?

MS. BREWSTER: Yes, sir. For the record, Whitney Brewster, executive director.

Board members, if you will recall, the board authorized me, in my capacity as executive director, and my designees, in the January board meeting to move forward with negotiating the renewal of the specialty license plate program until March 1, at which point, if we were not successful in those negotiations, the agency would be prepared to issue an RFP for a new contract.

So what I am prepared to tell you today is that the TxDMV believes it has negotiated a contract that will significantly increase the revenue to the state over the next five years. We believe that this negotiated renewal contract will establish a process for managing existing license plate inventory, as well as any new plates moving forward, and we also believe that it will better ensure that existing and future plates meet very specific design specifications, as established by the agency.

So with that, Mr. Chairman, I recommend that the TxDMV Board authorize me to execute a contract to renew the specialty license plate program.

MR. RODRIGUEZ: Ms. Brewster, this proposal suggests that they will put some controls in for controlling the inventory, number one, and number two, some design standards. Is that correct?

1	MS. BREWSTER: Yes, sir.
2	MR. RODRIGUEZ: And by chance, should we
3	approve this, do we know how soon they'll be working on
4	the inventory? Are they going to wait until the official
5	start of this contract, or will they start right away?
6	MR. DUNCAN: We specified that it must start by
7	the November renewal date, but we can work with them,
8	certainly, and we plan on working with them vigorously
9	moving forward to start implementing those elements of the
10	renewal that they're capable of doing now.
11	MR. RODRIGUEZ: You might call an ambulance,
12	because I'm going to make a motion, Mr. Chairman.
13	MR. WALKER: You're going to make a motion for
14	what?
15	MR. RODRIGUEZ: I move to authorize the
16	agency's executive director to execute the proposed five-
17	year renewal of the specialty license plate contract with
18	License Plates of Texas, LLC, d/b/a as My Plates, eTech
19	Texas, LLC, and Pinnacle Technical Resources, Inc.
20	MR. WALKER: So we have a motion.
21	MR. SLOVACEK: Second. Let's vote.
22	MS. RYAN: Make it quick.
23	MR. RODRIGUEZ: Before I change my mind.
24	(General laughter.)
25	MR. SLOVACEK: Is there any reason why we

1 couldn't go ahead and implement the renewal, or does it 2 actually kick in in November? MR. DUNCAN: It kicks in in November. A lot of 3 4 the pricing changes wouldn't work and the divisions 5 wouldn't work. But I think that the vendor is going to 6 hear loud and clear that there are certain parts of this 7 you'd like to see before then. 8 MR. RODRIGUEZ: Got it. Thank you. 9 MR. WALKER: So we have a motion to allow the executive director to enter into a contract with the My 10 11 Plates-Pinnacle-eTech conglomerate of companies there that 12 are currently doing the program under the terms and 13 conditions of the new contract. All in favor signify by 14 saying aye. 15 (A chorus of ayes.) MR. WALKER: All opposed? 16 17 (No response.) MR. WALKER: The motion carries. 18 19 Before we go any further, though, I know Steve 20 Farrar is here. Steve, can I get you to come forward just a second? 21 22 MR. RODRIGUEZ: Oh, he is here? Just kidding. 23 MS. RYAN: He passed out at your motion. 24 (General laughter.) 2.5 MR. WALKER: Steve, I'm not going to ask you to

speak or anything, but what I do want to tell you is that as chairman of the Department of Motor Vehicles -- and you and I have got to know each other quite well over the last four years, and I know that the agency has enjoyed working with you -- I know that it's been a rough road for the last month that we both had to bear going down to get to where we're at today, and I know that we both had to give and take a little bit.

But I'm going to tell you something from my heart and from something that I've seen from our people, and that the agency, I've never seen them more excited about going forward in a contract than they are today. And the reason is that our people feel like we inherited your contract in the past and it really was not our contract, it was something that was dictated, almost, to us that says you have to do this and so forth. And we're excited about working with your company, we're excited about the opportunities that exist for both of us, we think we have a program going forward that is going to be beneficial to the State of Texas and to the people of My Plates, eTech and Pinnacle.

And I know that we've had people that have kind of been on all kind of angles on the program in the past, but as a team today -- and I've sat with our people -- I've never seen them as excited as they are going forward

1 with the contract as they are today with your contract. 2 And I thank you because I think that you're an integral 3 part of the operation over there and that your efforts to 4 work with the people here at the DMV is greatly 5 appreciated, and I want to thank you personally. 6 MR. FARRAR: Thank you, Mr. Chairman and other 7 board members, and executive director. Thank you. 8 MS. RYAN: Thank you. 9 MR. SLOVACEK: What about the University of Michigan license plate? 10 11 (General laughter.) MR. DUNCAN: It's their choice when to bring it 12 13 back. And under the new management standards, they need 14 to have 200 presold, basically. 15 MR. WALKER: We'll move on to item 3.D now, 16 recommendation to relocate the Houston Regional Service 17 Center by Ms. Brewster. 18 MS. BREWSTER: Thank you, Mr. Chairman. Again, 19 Whitney Brewster, executive director. 20 The Texas Department of Motor Vehicles received 21 correspondence from the Texas Department of Transportation 22 on August 19 referencing TxDOT's pending sale of what is 23 currently the Houston Regional Service Center. On October 24 17 of 2013, we received correspondence again from TxDOT

that indicated that the TxDMV needed to vacate the

2.5

property by or before September 26 of 2014.

2.5

So at this point what the agency is requesting is approval to relocate and support the Houston Regional Service Center on Texas Facilities Commission approved commercially leased property no later than September 26, 2014. And as we move forward, we will continue to work with you, Mr. Chairman, and Vice-Chair Ryan as the chair of the Projects and Operations Committee.

MR. RODRIGUEZ: So moved, Mr. Chairman.

MS. RYAN: Second.

MR. WALKER: We have a motion to give authority to Ms. Brewster to go and to start searching and looking for what's available, options out there, the possibly review contracts that might be existing on rental agreements and where we might move the Houston regional office. Any questions, discussion about the issue?

(No response.)

MR. WALKER: If not, all signify by saying aye.

(A chorus of ayes.)

MR. WALKER: All opposed, same sign.

(No response.)

MR. WALKER: You have authority. Go get a good deal.

Let's move on to item 3.E, approval of the contract renewal for PrintMailPro. Mr. Elliston.

MR. ELLISTON: Mr. Chairman and members, for the record, my name is Randy Elliston, director of the Vehicle Titles and Registration Division.

2.5

You have before you today a request to allow us to renew two contracts that we have, both with the same company, PrintMailPro. The first one is for the bulk mail for our titles that we mail out, and the other is for registration renewal mailing services. The one for titles is a two-year contract extension which is allowed under our existing contract. That extension is for \$269,024.30. And then for our registration renewal bailouts, it's for \$736,355.26, and that's also a two-year contract extension for that amount of money. And we request approval to execute those contracts.

MR. RODRIGUEZ: Mr. Chairman, I move to authorize the agency's executive director or her designee to finalize and execute the contract renewals with PrintMailPro, LTD, for title mailing services and registration renewal mailing services. In addition, I also move to authorize the agency's executive director to execute any amendments to the contracts with the approval of the chairman.

MR. SLOVACEK: Second.

MR. WALKER: We have a motion to authorize the executive director to enter into a contract under the two

1 presented contracts. All in favor signify by saying aye. 2 (A chorus of ayes.) 3 MR. WALKER: All opposed, same sign. 4 (No response.) 5 MR. WALKER: The motion carries. 6 Mr. Archer, I believe you are up next. 7 MR. ARCHER: Yes, sir. 8 MR. WALKER: Item 3.F on the agenda, contract 9 signature authority by Jimmy Archer. MR. ARCHER: Good morning, Chairman Walker and 10 11 board members. For the record, my name is Jimmy Archer, director of the Motor Carrier Division. 12 13 I have two items for the board's consideration 14 today. In the first item I am seeking board approval to 15 allow the executive director to enter into negotiations 16 with a staff-recommended contractor that will provide 17 specialized assistance as a consultant to the agency in 18 managing the Commercial Vehicle Information Systems and This will include close 19 Networks program, or CVISN. 20 supervision of compliance in developing new projects under 21 expanded CVISN. 22 CVISN is a federal-state commercial motor 23 vehicle safety program that is funded through a 50-50 24 matching grant. We have funds set aside with half of the

funds from the Federal Motor Carrier Safety Administration

2.5

and the other half by state matching funds.

The contractor will also provide

2.5

The contractor will also provide expertise in the area of CVISN system architecture, design and implementation, and maintain and update the state's Commercial Vehicle Information Exchange Window, or CVIEW.

Texas DMV does CVISN specific expertise to accomplish the goals and requirements of the FMCSA-sponsored CVISN program at this time, particularly as a requirement of the federal grants awarded to the state.

CVISN provides a framework of architecture that enables states and federal government agencies, the motor carrier industry and other parties engaged in commercial vehicle operations, safety assurance and regulation, to exchange and use information to improve safety and security and to conduct business transactions electronically.

I would ask that you allow the executive director to negotiate the contract for the renewal.

MR. WALKER: Negotiate or sign?

MR. ARCHER: Negotiate.

MR. WALKER: It's still in negotiations?

MR. ARCHER: And sign.

MS. RYAN: I'd like to make a motion which may clarify that.

MR. RODRIGUEZ: Negotiate and enter into

1 contract. 2 MR. ARCHER: Yes, sir. 3 MS. RYAN: I move to delegate contract 4 signature authority to the executive director to negotiate 5 and execute a contract for a Commercial Vehicle 6 Information Systems and Networks, CVISN, contractor with 7 the chairman's approval. Additionally, I also move to authorize the agency's executive director to execute any 8 9 amendments to the contracts with the approval of the 10 chairman. So it would be signature authority. 11 MR. SLOVACEK: Second. MR. WALKER: We have a motion, and we have a 12 13 second now from Mr. Slovacek -- the motion is from Ms. 14 Ryan -- to delegate authority to the executive director to 15 enter into negotiations and signature approval, after she 16 consults with the chairman, with his blessing in order to 17 sign the contract for these two items. Any further 18 questions, discussion? 19 (No response.) 20 MR. WALKER: All in favor signify by saying 21 aye. 22 (A chorus of ayes.) 23 MR. WALKER: All opposed, same sign. 24 (No response.) 25 MR. WALKER: The motion carries unanimously.

You have the authority to go, Ms. Brewster.

Let's go to item 3.G, Mr. Duncan.

MR. DUNCAN: He has one more.

MR. WALKER: Oh, you didn't do both of them?

MR. INGRAM: Did the motion do both?

MS. RYAN: No, just that one.

MR. ARCHER: Thank you. The second item for the board's consideration is a request that the board approve renewal of the contract with Explore Information Services to provide one year of software maintenance and support for the existing Texas International Registration Plan. The current contract expires on March 29, 2014.

TxIRP collected \$133 million in revenue in FY
'13 for registrations through the TxIRP system. The
system supports the following: fleet registration,
apportioned registration, token trailers, forestry, rural
trailers, PRISM and records reviews and audits.

Texas began coordination and implementation activities to achieve Performance in Registration

Information Systems, or PRISM, requirements in 2008.

Texas PRISM links the motor carrier's safety information to the TxDMV's Texas International Registration Plan webbased registration system to accomplish two objectives: first, it determines safety fitness of motor carriers prior to issuing license plates and registrations, and

1	second, to influence a carrier to improve its safety
2	performance through the permit process, and where
3	necessary, the application of registration sanctions.
4	I would ask the board approve this contract.
5	MR. PALACIOS: I move to delegate contract
6	signature authority to the executive director to negotiate
7	and execute the renewal of Explore contract for Texas
8	International Registration Plan, Performance and
9	Registration Information Systems Management, and Fleet
10	Registration, with the chairman's approval. IN addition,
11	I also move to authorize the agency's executive director
12	to execute any amendments to the contracts with the
13	approval for the chairman.
14	MR. WALKER: We have a motion. Do we have a
15	second?
16	MS. RYAN: Second.
17	MR. WALKER: We have a second from Ms. Ryan.
18	Any discussion, questions?
19	(No response.)
20	MR. WALKER: All in favor signify by saying
21	aye.
22	(A chorus of ayes.)
23	MR. WALKER: All opposed, same sign.
24	(No response.)
25	MR. WALKER: The motion carries unanimously.

Mr. Duncan, can I go to you this time?

MR. DUNCAN: Now I'm up. Mr. Chairman, board

members, David Duncan, general counsel.

When I first got here, one of the things I asked about, it's mandatory under the Texas Administrative Procedures Act, every four years agencies are required to review their rules to make sure that the need for the rule still exists. You've heard of the sunset process for agencies, well, this is basically a mini sunset process for rules. Agencies are required to set out how they're going to review their rules over time, and the last rule review plan was done by TxDOT when the agency was still with TxDOT, so we're outside of that four-year window, having just had our four-year anniversary.

What the General Counsel's Office would like to do is break the rules up into chunks, the first half being the procedural, the internal rules of management, public information and finance and contract management, and do those first with starting date of next month -- we'll probably start this month. We'll publish a rule review plan in the Texas Register, setting out this, subject to your input today, of course. And then the more substantive, the Motor Vehicle Division, Motor Carrier Division, all of those rules we would do starting this summer and into next fall.

Our plan is not to just review the rules and say: Yep, we still need them. We would like to look at them in a little more depth, review them for obsolete references, and actually roll up our sleeves and really do a rule review and determine what should stay and what should go. None of those amendments to rules would go forward without coming back to you. We would bring those back to you and say: Here's what we found, here's what we propose. At this point it's just an overview of how we would perform this rule review, and I'd just like to see if any of the board would like to be involved with that and how you'd like to be involved.

When we do the substantive reviews, Member Ingram, we'll fully involve the appropriate stakeholder groups as we go forward on those, and the appropriate committees. So that is down the road a bit. We'll have at least another board meeting or two before we would get into those substantive ones, and I'm available for any questions you have.

MR. WALKER: I have several, and I tell you what, I have to commend either the legislature or whoever says you need to do this, because it's something that does need to be done because there's rules that sit out there that have been there for 50 years that have no application today, and it just makes a book bigger and harder to find

what you really need to find when you need it, so I commend somebody that they recognized this.

So my question back to you, though, or really a statement I'm going to make, I'm going to ask you first is do you have the staff and the time. That's the first question I have, because it's a pretty big task, I think.

And then the second statement I would like to make is that is I know a lot more about trucking than you know about trucking --

MR. DUNCAN: Absolutely.

MR. WALKER: -- and you know a lot more about the law than I know about, and Ms. Ryan knows a whole lot more about the auto business that we regulate, and so forth, so make sure that when we do this that we engage the stakeholders, and I suggest that we have some stakeholder meetings, and they're going to be able to tell you more than you'll ever know about what's antiquated and what needs to be changed in the rules.

MR. DUNCAN: Yes, sir.

MR. WALKER: And so we really need to have some working group meetings where we bring the stakeholders in for every particular aspect of this thing when we do it. And that's the comment that I have.

MR. DUNCAN: We plan to do that. And back to your first question about staffing, we plan to do this,

obviously, in conjunction with the substantive divisions, with Randy and Jimmy and Bill and Mr. Avitia, so their staffs are going to be challenged to spend a little time on this as well. We are almost fully staffed in the General Counsel's Office; we have one more hire that should be complete about by the end of this month. I do have two new lawyers that have joined us, one from the Comptroller's Office and one from the Department of State Health Services. They are up to speed and working on many projects right now, some of which have been discussed in the board meeting today. But we're confident that we'll be able to pull this off on the schedule that I've given you, yes, sir.

MR. RODRIGUEZ: I'm not suggesting to you that we not undertaken any change, but this rule review process is simply to determine whether or not we still require the rule. Because every rule we have, I'm sure there's somebody in the room that would want to change it in some way. It doesn't mean look at a rule and see how we need to change it. The exercise that we're required to do right now is do we still need it or not. Whether we want to change it or not, that's a subsequent decision. You're not trying to roll all that into one, are you?

MR. DUNCAN: We would hope to be able to do that. I will tell you if we run into time constraints or

staffing constraints on this, I have little doubt that those first five chapters we're going to be able to do and bring back to you by sometime early summer. They're all internal, they're rules really governing ourselves. The second four, obviously there's a lot more work in those. I would hope to be able to get that accomplished; if not, we're going to come and brief you and let you know that we're not going to meet our projected time frame and why that is. You can still publish a rule review along with these, honestly.

MR. RODRIGUEZ: I understand that but I think the requirement is basically a review to determine whether or not that rule still has effect and value and application.

MR. DUNCAN: Yes, sir.

2.5

MR. RODRIGUEZ: Some people, one of us or anybody else wants to change it to something different, that's a different exercise. That's what I'm saying.

MR. DUNCAN: Correct, yes, sir. And if need be, we can go and do a minimal rule review.

MR. RODRIGUEZ: I'm not asking you to do anything different, I just want to make sure that we don't slow down a process by virtue of let's do the requisite which is number one, and that is this rule, does it still have effect and do we still need it on the books. I think

whether or not we want to change it, that's a rule proposition change.

2.5

MR. SLOVACEK: Can you introduce the new guys?

MR. DUNCAN: Oh, yes. I'm sorry. Jim

Arbogast, right here, came from the Comptroller's Office.

He was doing tax hearing work at the Comptroller's Office and prior to that was a litigator with two very large firms. And Mr. Richards, David Richards, next to him, and he came from the Department of State Health Services where he served a bunch of appointed boards and the commission, so he's done a lot of open meetings, open records, dealing with friendly board members who know a lot about their subject area.

(General talking and laughter.)

MR. WALKER: Victor, are you finished?

MR. RODRIGUEZ: Yes, Chair.

MR. WALKER: And Victor brings up a good point, is when you go back and look at this -- and this is the reason I asked the other time is because statutorily to look at each rule to know whether you can make a change -- not a change but I guess a revision to the rule, you've got to go back statutorily and look at the intent of every single reason that every one of those rules is there. And that's got to be a time-consuming process, is it not?

MR. DUNCAN: It's going to be an interesting

task, yes, it is. It's a good chance, though, for us to do exactly what you've discussed, which is to make sure there are no truly obsolete, out of date. There might be things in there, Chief, that really don't need to be in there and that we could repeal, just do away with. And I think the intent of the legislature in putting this in the Administrative Procedures Act was that agencies do more of this kind of work rather than the one-liners, that a lot of agencies just publish a single sentence that says: The reason for the rules continue to exist.

2.5

MR. SLOVACEK: When in doubt, read the rule.

MR. DUNCAN: Well, they read the rule, but that's all they need to say.

MR. WALKER: So let me ask you this question here, the next question that we come up to is we can't statutorily change, we're not a legislative body here, and so when we find something that maybe should be changed statutorily, and I know that we are not a lobby group and we are not here to propose laws, but could we make recommendations back to the legislators through Jeremiah.

MS. BREWSTER: You, as the chairman, may make recommendations regarding any improvements to the efficiency of the agency.

MR. DUNCAN: Yes, and we could develop a list.

MR. WALKER: So we could find things that need

1 to be cleaned up that we would need to statutorily go 2 back. 3 MR. DUNCAN: We already have some ideas, not 4 even having started this year, we have some ideas. 5 MS. BREWSTER: Which makes the timing good. 6 MR. DUNCAN: Yes. That's why we plan to do it 7 this year with the session starting next January. MR. WALKER: Okay, great. I'm glad to hear 8 9 that. I don't think this is an action item, is it? MR. DUNCAN: No, it's not, just a briefing. 10 MR. RODRIGUEZ: Ready to go. 11 12 MR. WALKER: Oh, no, you're not; we're not 13 finished yet. Let's go to 3.H real quick. Mr. Harbeson. 14 MR. HARBESON: Just making sure I was 3.H; I 15 made that mistake last time. My name is Bill Harbeson. 16 I'm the director of the Enforcement Division for the 17 department. 18 This is not an action item, merely a briefing 19 I'm here today to talk to you about the advertising item. 20 rule that was proposed to us -- there's a set of rules, 21 actually, proposed to us by TADA in June 2013. That set 22 of rules came to you after a lot of work between myself 23 and Karen Phillips, and there was also legislative 24 interest in that set of rules, or at least several of the

25

rules in that package.

If you remember, in September, this set of rules was on the agenda for the board to seek permission to post for comment. It was decided at that time that the better route for this package would be to refer it to the License Advisory Committee, and that was done. The License Advisory Committee met in October of 2013. There was recommendations to approve the package with the exception of two items that were found to be either too broad or just unenforceable.

2.5

So I took the recommendations of that committee back to my office, drafted a revised set of rules, presented that to TADA for their review, and it's been presented to the committee here at the agency for their review. And upon receipt of permission from the chair, that set of rules has been published for comment. So this will come to you again. We're essentially just down the line from where we started in September and it will come back to you again in several months after the comment period for review of comments, if any, and approval of the package at that time.

So do you have any questions?

MR. WALKER: No, I don't. Does anybody else have any questions?

(No response.)

MR. WALKER: We don't need a motion, it's not

an action item. Thank you very much for the briefing, Bill.

Let's go to 4.A. Mr. Jeremiah Kuntz, legislation.

MR. KUNTZ: Good morning, Board. Jeremiah
Kuntz, director of Government and Strategic
Communications. I'm giving you a briefing item this
morning on legislative implementation activities.

We continue to implement legislation. A lot of what's left to do on bills relates to rulemaking, and so you continue to see rules, and as we move forward that will continue. There's still more rules that will be coming forward to you to get those bills finally adopted. So as we move forward we're checking bills off the list, especially with the rules that you did today, we'll check off a couple of other bills.

There are a couple of main bills that we'll talk about today. House Bill 2741, that was our large omnibus bill, and like I said, we continue to have rulemaking related to that bill. You have already adopted four sets of rules related to that bill, one set has been published with possible adoption in March, two sets possible publication in March of 2014 as well, and then three to four sets of rules still look like they're left on that bill to get implemented. So there was quite a bit

of rulemaking that was coming out of that one large bill.

The next bill that I want to talk about is
House Bill 1692. That is the bill that transferred the
hearings from SOAH over to the agency. The Office of
Administrative Hearings has been established, it was
established in January. There are two hearing examiners
that have been hired. Obviously, we've got Mark Burns,
who is the primary; a secondary hearing officer has been
hired. There were two support employees transferred, and
then there's also been a legal secretary hired, so there's
a total of five FTEs in that division now.

They're still in the process of creating standards and documents, templates and forms for their division. They've begun receiving dismissal orders for processing. The first dismissal order occurred at the end of February, and the first case hearing could be March.

MS. BREWSTER: I have updated information.
Whitney Brewster, executive director. We have received
ten cases that have now come over to the Office of
Administrative Hearings. That's of this morning.

MR. KUNTZ: So we're starting to get hearings sent over there. There have been a lot of mediations that have occurred that have prevented that from actually going to hearing, but it sounds like we're actually going to start having hearings now. So that's kind of where we are

with House Bill 1692.

The other bill that I really want to focus on is a bill that I know Board Member Ingram has a heightened interest in, and that's the single sticker bill. We've had a lot of discussions with the other agencies, DPS and TCEQ, as well as with legislative offices, relating to that bill. The largest hurdle that we needed to get over originally was what we refer to as syncing, and that's bringing the two sticker dates together for the first year. There's been a consensus among all of the agencies, and a presentation to the legislature, basically the offices that sponsored those bills.

The recommendation from the three agencies is that during the syncing process, if the inspection date is good on the date of registration, in other words, if you have a March registration expiration and you have an April inspection expiration, that you would be allowed to proceed with registration during that first year in order to sync you up. Knowing that the person would have needed to get an inspection in April, we're going to basically give them a pass on that first year and allow them to proceed with registration. That will greatly assist in syncing up those two dates, and so that was a very large milestone that we needed to get past so that we could get going on the programming aspect of getting all the

databases to talk.

2.5

There was a meeting -- well, there have been multiple meetings between the agencies since then. This week there was a meeting at the beginning of the week to create working groups to tackle a lot of the special circumstances that we see. A lot of business rules need to come out of those working groups on how to handle things like exempt plates, dealer license plates. We've got all kinds of weird special circumstances that we need to address, and so we've created working groups that will drill down into those details and create business rules.

There's also a working group to handle the communication effort, so I've got staff that will be heading that up. We'll be working with the other two agencies to create a unified communication plan that will go out and educate the public about how this process will work. We figure we can touch the public a number of different times in the driver's license offices, in the county offices, through registration renewal notices, at inspection stations, so there are multiple places that we will be putting information out to the public to make sure that there's a heightened awareness of this program as we get closer to March 1 of 2015, which is the implementation date.

MS. BREWSTER: Board members, and specifically

to Member Ingram's earlier comment, in that communication plan there will be stakeholder outreach involved in that marketing plan, and we have already started talking about leveraging the training that Bill Harbeson's group does to potentially start those conversations early with dealers. So in addition to the overall general public campaign, there will be stakeholder communication and education built into that plan.

2.5

MR. INGRAM: And that sounds awesome, but a quick question on that because that implies that the stakeholder is more or less just going to be updated on what happened. So are we going to get stakeholder input before it actually gets finalized?

MR. KUNTZ: Yes. Having those working groups, the biggest issues that we've got to get through are trying to figure out how can we handle all of those special circumstances. And when those issues are identified, we will reach out to stakeholders to gain input and understanding about how their processes work. I can tell you right now we have been contacted by different stakeholder groups that have issues that they're trying to understand and resolve, and we will continue to work with them as they come forward, as well as reach out to them when we need to get input.

MR. INGRAM: Okay. Thank you.

MR. PALACIOS: Mr. Kuntz, I have a question.

The rollout is a little less than a year away. What's the plan: is it one massive rollout March 1 or are we going to have a pilot or something before then to see how it tested?

2.5

MR. KUNTZ: The way the statute is laid out is the bill becomes effective on March 1 of 2015. Obviously there will be testing involved with the application prior to that, so once the agencies have actually created the systems to talk with one another, that will be heavily tested ahead of time. We will have some piloting in the county offices to make sure that their systems work, that they can actually get the database to communicate correctly, and so from that aspect there's some piloting that will go on with the IT aspects of this.

But as far as the legislation is concerned,

March 1 is the threshold that you cross, and really what

that threshold is is on March 1 inspection stations will

stop issuing a sticker, so there's not really a pilot per

se, it's just on that date there's no more stickers.

There will be a February of 2015 inspection sticker and

that will be the last sticker that is issued for

inspection stations. So once you get past that, you're in

a live environment, so we have to get it right on the

front-end to make sure that it works.

MR. INGRAM: I know this is very premature to keep talking about specifics on it, but it's an opportunity. One of the things I don't understand is as a dealer, because of the scrape rule, because everyone is scraping off the registration, when we buy a vehicle at the auction, we have no clue when that last inspection was done. So that's one of the hurdles that I'm trying to think through in my head, if I buy ten cars at the auction, there's nothing on the car that says it was inspected, I don't even know when the last registration was.

MR. KUNTZ: This is an issue that I'm aware of and I've communicated it with folks. We're trying to figure out if there's an IT solution for that that would resolve that issue. Obviously, it is early and we need to get all of the scope laid out for the programming that would need to take place, but that is something that has been identified as a potential issue that needs to be resolved. It's on the list.

MR. INGRAM: Okay.

MR. WALKER: Blake, do you have to know when a car was last inspected before you can sell it?

MR. INGRAM: Yes, because it's got to be inspected within a certain period of time when I transfer it, so if it was inspected the day before or the week

before or the month before I bought it at auction, I've got six months at that point to sell that car before it needs a new one. If it was inspected six months ago or seven or eight or nine months ago, I need another inspection before I can transfer it, no matter when I sell it.

MR. WALKER: You have to do the inspection or some licensed inspector.

MR. KUNTZ: Because of the way that the statute is laid out, a dealer has 180 days from the date of last inspection, not the expiration of the sticker itself, and because a person in the public can inspect that vehicle up to 90 days prior to registration, the date that's on the sticker is not necessarily the date of last inspection. So there could be up to 90 days that have elapsed between the time that the vehicle was inspected and the sticker date, which makes it difficult for a dealer to determine when was that inspected relating to the date that's on the sticker. And if you scrape the sticker, it makes it even more difficult to determine.

MR. INGRAM: Which everyone scrapes stickers.

MS. RYAN: Do dealers have the ability to inspect, and that information has to go in the website -- I know this isn't easy, but from a verification standpoint, does the website -- the database will show

when it was done. Right?

(General talking and laughter.)

MS. RYAN: When a dealer inspects it, it gets entered into the database. Correct? And that's what gets communicated and that's how we're going to sync up and know with the registration. Does the dealer have the ability to see other inspections or just their own?

MR. KUNTZ: Again, this goes back to looking at what IT solution we end up coming up with. We need to do some additional research. I don't want to commit for IT that something is possible that I don't know.

MS. RYAN: It's not now, though, I guess.

MR. KUNTZ: It is not. There have been discussions between the agencies that TCEQ and DPS would basically put their database into a cloud that we would be able to pull the data out of that cloud.

MR. INGRAM: And the dealer would have access to on the cloud, so that you'd just go to a portal and say it was inspected March 10.

MR. KUNTZ: That's what we're trying to figure out if that's possible.

MR. WALKER: So what happens when a dealer -- or not a dealer, but a car -- when a car flips multiple times and you have to re-register it every time. Like if he buys a car at auction and it has my license plate on

it, or whoever's it had on there before that, the car has
to be re-registered and has to buy a new plate, is that
not correct, when it sells?

MR. KUNTZ: When it is sold, yes.

MR. WALKER: So every time the car is sold,

MR. WALKER: So every time the car is sold, it's going to have to be reinspected. Is that correct?

MR. WALKER: But they have to be synced together, I thought.

No.

MR. INGRAM:

MR. KUNTZ: As long as the inspection took place within 90 days. For a dealer it's 180. But I'm assuming that if it's a dealer-to-dealer transaction, so if a dealer sells it to another dealer, there's no title or registration, it's a transfer of ownership on the back of the title.

MR. WALKER: Well, let's just say it's been 100 days --

MR. KUNTZ: 180 days?

MR. WALKER: 100 days, make it 120 days, so it's outside of the 90-day window, and so now Blake has the car and he puts it on his lot to sell the car but he doesn't have to get it inspected because it's not outside of the 180-day window. But now he sells the car and it is re-registered, now the 90 days doesn't exist, it's 120 days, so how do we sync the two back together between the

1 registration and the licensing now? MR. SLOVACEK: And what if it's almost an 2 3 antique? 4 (General laughter.) 5 MR. WALKER: No. I'm serious, how do we sync 6 that back up? 7 So the way that the law is MR. KUNTZ: contemplating this is that if a vehicle was inspected, 8 9 let's call it 120 days ago, and Mr. Ingram puts it on his 10 lot and sells it within ten days, that vehicle was 11 inspected 130 days ago. As long as that vehicle is processed at the county level, the title is applied for 12 13 and registration is applied for before the end for the 180 14 days, it will be okay. If the 180 days had expired prior 15 to them going and bringing that packet of information to 16 the county office, that vehicle will have to be 17 reinspected, and that is under the law the way it is 18 written right now. MR. INGRAM: And for the consumer, when I sell 19 20 it to John Doe, that consumer, it doesn't really matter when it was inspected at that point because now it's 21

MR. KUNTZ: Correct.

22

23

24

25

synced.

MR. INGRAM: So it doesn't really matter anymore at this point now, unless that person flips it

1	quickly.
2	MR. KUNTZ: If he flips it quickly, then that
3	person would have to get it inspected and reapply for
4	registration.
5	MS. CARAWAY: How would they know it needed to
6	be inspected if it has a current sticker on it?
7	MS. RYAN: Because of the registration.
8	MS. CARAWAY: But it's got a current one on it.
9	Right?
10	MR. KUNTZ: Right.
11	MS. CARAWAY: And if he turns it again, he has
12	to get it inspected again, regardless of how long it's
13	been?
14	MR. KUNTZ: If it's been past the 90 days, yes,
15	ma'am.
16	MR. PALACIOS: But how does he know if it's
17	past the 90 days?
18	MS. RYAN: Because the registration sticker
19	syncs up with the registration date.
20	MR. WALKER: But the registration sticker is
21	going to come off when you change the car because it has
22	to be re-registered.
23	MR. ELLISTON: Randy Elliston, director of
24	Vehicle Titles and Registration.

ON THE RECORD REPORTING (512) 450-0342

Let me first caveat all this saying we don't

really know all of it, so anything we tell you today is subject to change. But some of this depends on whether it's a private party sale or a sale through a dealer because we'll have different rules that apply. But if it's a private party sale, the sticker remains on the car, so then you're still synced up, everything is good so they're both in sync. But if it is a dealer sale, we've got to work through those scenarios and figure out how that all is going to work. And that's my early answer.

We're still working. We've got over some major hurdles with this project and I think we'll have these answers very quickly of how we believe this should go forward, so we'll be coming back to you hopefully very quickly, maybe the next board meeting we can give you another brief. We'll try to brief you on this as we go forward so we can keep you up to date on it.

There's just a lot of ins and outs to work out.

We've got three agencies with all three with kind of competing interests, but this program is going to be very good for the people of Texas by the time it's all said and done. And I know there's some concern of okay, maybe his sticker is fixing to go out so he's going to get a pass.

The deal is, though, that occurs today, people don't get their inspection stickers removed, they go six, eight, ten months. We have that occurring today. This program will

virtually stop that because if they get their registration, they will have to have had an inspection.

It's going to be a tremendously better program by the time we get through, we just have to fix all these nuances, and we'll keep you informed on that.

2.5

MR. INGRAM: And I apologize to the board if I'm getting the cart before the horse.

MR. ELLISTON: Everybody is interested in this, and we get these questions and we have white-boarded until we've worn a couple of them out, but we will continue to do so until we get good answers and keep everybody informed as we go along.

MR. KUNTZ: And I would add to that that every time we get a question, if we haven't heard that question before, it helps us figure out this process. So it's helping the process by getting these questions in because it makes us think about the different scenarios that we have to overcome.

MS. CARAWAY: And better early than later.

MR. ELLISTON: Right. And the IT solutions that we believe are on the verge of getting done are probably going to aid us significantly from what we thought we were going to have at the front-end. So I think this will work.

And also, webDealer, as we roll that out, will

1	also potentially for a dealer have the component to be
2	able to check that.
3	I felt some IT people stick me all of a sudden.
4	MS. RYAN: What I heard is IT is going to fix
5	it all?
6	MR. ELLISTON: They say they do; I'm waiting on
7	them.
8	MR. KUNTZ: We'll let our CIO speak to that.
9	(General talking and laughter.)
10	MR. WALKER: Thank you, Randy.
11	Jeremiah, you still have more on your report?
12	MR. KUNTZ: With that, that concludes my
13	presentation.
14	MR. WALKER: Thank you very much. We
15	appreciate it.
16	I think that leads us to Ms. Brewster. Do you
17	want to give us a quick report on where we're at?
18	MS. BREWSTER: Super quick. Whitney Brewster,
19	executive director.
20	In your board books you'll find the agency's
21	performance measures. I don't intend to go into any level
22	of detail on those performance measures, other than to
23	point out one and that pertains to the performance measure
24	that looks at overall job satisfaction for the agency.
25	The agency went through the 2014 survey of employee

1 engagement just recently, and the overall job satisfaction 2 for the agency went up 10 percent, so that's, I think, a 3 huge win for the agency. In fact, all of the survey 4 scores were higher this year versus 2012. 5 And so moving forward, the agency is conducting focus groups. Actually, all of the focus groups in the 6 7 regional service centers have already been completed in February, and in March and April we will continue to have 8 9 those focus groups here at headquarters to talk a little

So with that, that concludes my remarks.

MR. WALKER: Thank you.

improve the overall agency.

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

MS. RYAN: That's great news. Quick question, are you all considering revising these at all?

more about the results from the survey and how we might

MS. BREWSTER: Yes, ma'am. Actually, the executive team has gone through and drafted revised performance measures and is in the process of setting targets for those measures, and we'll bring those to the board for consideration.

MS. RYAN: Okay, great. Thanks.

MR. WALKER: And with that, I will entertain a motion for adjournment, if I can get one.

MS. RYAN: Motion to adjourn.

MR. WALKER: I have a motion to adjourn. Do I

1	have a second.
2	MS. CARAWAY: Second.
3	MR. WALKER: We have a second from Ms. Caraway
4	over here. All in favor signify by saying aye.
5	(A chorus of ayes.)
6	MR. WALKER: Thank you very much for coming
7	today.
8	(Whereupon, at 11:48 a.m., the meeting was
9	concluded.)

CERTIFICATE

MEETING OF: TxDMV board

LOCATION: Austin, Texas

DATE: March 7, 2014

I do hereby certify that the foregoing pages, numbers 1 through 106, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Motor Vehicles.

/s/ Nancy H. King 03/15/2014 (Transcriber) (Date)

22 23

On the Record Reporting 3636 Executive Ctr Dr., G-22 Austin, Texas 78731